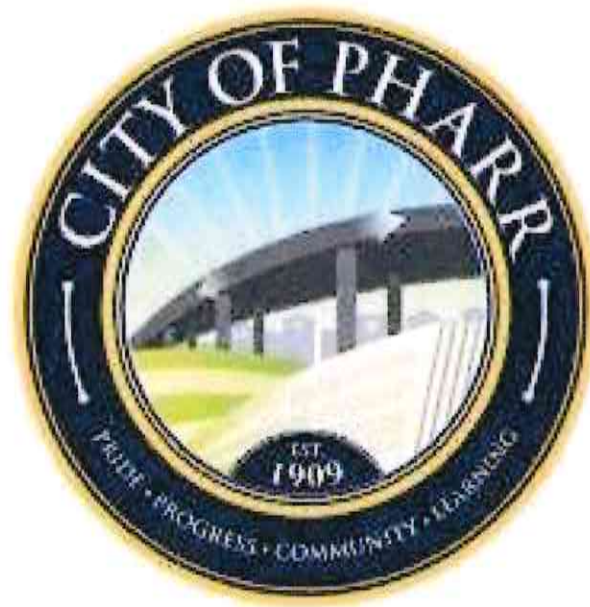




CITY OF PHARR, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2024

Raul Hernandez & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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CITY OF PHARR, TEXAS
ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED
SEPTEMBER 30, 2024

CITY OF PHARR, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2024

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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Corpus Christi, Texas 78411
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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor
Members of the City Commission
City of Pharr, Texas

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Pharr, Texas, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Pharr, Texas's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Pharr, Texas, as of September 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Pharr, Texas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Change of Accounting Principle

As discussed in the notes to the financial statements, in the year ending September 30, 2024, the City of Pharr, Texas adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 100, Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The City of Pharr, Texas's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Pharr, Texas's ability to continue as a going concern for twelve months beyond the financial statement due date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Pharr, Texas's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Pharr, Texas's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison and schedule of the City of Pharr, Texas's proportionate share of the net pension liability and schedule of City of Pharr, Texas's pension contributions, and schedule of the City of Pharr, Texas's proportionate share of the net OPEB liability and schedule of City of Pharr, Texas's OPEB contributions identified as required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Pharr, Texas's basic financial statements. The combining and individual nonmajor fund statements, the schedule of expenditures of federal and state awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State of Texas *Grant Management Standards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2025, on our consideration of the City of Pharr, Texas's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Pharr, Texas's internal control over financial reporting and compliance.

Raul Hernandez & Company, P.C.
Corpus Christi, Texas
September 30, 2025

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MANGEMENT'S DISCUSSION AND ANALYSIS

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City of Pharr Management's Discussion and Analysis

As management of the City of Pharr, Texas (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Pharr for the fiscal year ended September 30, 2024.

Financial Highlights

- The assets and deferred outflows of the City's governmental activities exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$161,888,575.
- The assets and deferred outflows of the City's business-type activities exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$154,064,969. The majority of the business-type activities' net position is unrestricted.
- The General Fund assets exceeded its liabilities by over \$11,131,270. The general fund showed an increase in revenues of \$4,864,532, primarily due to an increase in fees & charges and property tax collections. Sales taxes showed an increase of 2%, and property taxes went up by 10%, but we also saw an increase of \$4,527,236 in operating expenses compared to the previous fiscal year. The significant increase in expenditures is mainly due to capital equipment purchase and the City's growing personnel needs.
- During the prior fiscal year 22-23, the Pharr Economic Development Corporation II (PEDC) came back as a City blended component unit due to its relationship with the City and to comply with GASB No. 61. During the year, PEDC's assets exceeded its liabilities by \$14,668,848 (fund balance), with the decrease being due to decreased transfers and bond issuance.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information and the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner like a private-sector business.

The Statement of Net Position presents information on all the City's assets and liabilities and deferred outflow and inflow of resources, with the difference being reported as net position. Over time, increases or decreases in net position may serve as a helpful indicator of whether the City's financial position is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event which gives rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

City of Pharr Management's Discussion and Analysis

Government-Wide Financial Statements (Continued)

Government-wide financial statements distinguish functions of the City that are supported by taxes and intergovernmental revenues (governmental activities) from other operations that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The City's governmental activities include services provided to the citizens for the City's essential health, safety, welfare, and administration. Examples include police and fire protection, animal control, streets, parks, and recreation. Business-type activities of the City include the services provided to the citizens, the cost of which is recouped by user fees charged for the services. The revenues include water and wastewater services, bridge toll, emergency services, event concession, rents, and golf course fees to all residents and businesses.

The government-wide financial statements include separate component units for which the city is financially accountable: the Pharr Economic Development Corporation II (PEDC), The Greater Pharr Chamber of Commerce (Chamber), The Tax Increment Reinvestment Zone No. 1 (TIRZ No.1) and Tax Increment Reinvestment Zone No.2 (TIRZ No.2), the Pharr Housing Finance Corporation (PHFC), and the Jackson Place Apartments (JPA).

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Like other state and local governments, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the City's funds are divided into four categories: governmental funds, proprietary funds, blended presented component units and discretely presented component units.

Governmental Funds

Governmental funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of resources that can be spent and on balances of resources that can be spent which are available at the end of the fiscal year. Such information may be helpful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is helpful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains three major (General, PEDC II and the Debt Service Fund) and ten nonmajor governmental funds. Information for the major funds is presented separately in the governmental fund's Balance Sheet and the governmental fund's Statement of Revenues, Expenditures, and Changes in Fund Balances. The nonmajor governmental funds are combined into a single, aggregated presentation.

City of Pharr Management's Discussion and Analysis

Governmental Funds (Continued)

Individual fund data for each of these nonmajor funds is provided by combining statements elsewhere in this report.

The City adopts an annual appropriated budget for the General, Asset Sharing, Community Development, Hotel/Motel, Parkland Dedication, Paving & Drainage, Grants, General Capital Improvement Projects, and Debt Service governmental funds. A budgetary comparison statement has been provided for those funds to demonstrate compliance with this budget.

Proprietary Funds

The City maintains two different types of proprietary funds: enterprise funds and internal service funds.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and wastewater operations, its bridge toll, internet services, ambulances services, and golf course operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its vehicle repair activities and health insurance.

Proprietary funds provide more detailed information than government-wide financial statements. The proprietary funds financial statements offer separate data for water and wastewater operations, bridge toll, internet services ambulances services, and golf course operations. Conversely, internal service funds are combined into a single, aggregated presentation in the proprietary funds' financial statements. Individual fund data for the internal service funds are provided by combining statements elsewhere in this report.

The City adopts an annual appropriated budget for the Utility, TeamPharr.net, Pharr Emergency Medical Services, Bridge, Golf, Health Insurance, and City Garage funds. A budgetary comparison statement has been provided for those funds to demonstrate compliance with this budget.

Notes to the Financial Statements

The notes provide additional information essential to a complete understanding of the data provided in the government-wide and fund financial statements.

Other Information

The City's progress in funding its obligations to provide pension benefits to its employees can be found at the end of the notes to the financial statements.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the result of activities comparing the budget versus actual.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information.

City of Pharr Management's Discussion and Analysis

Other Information (Continued)

The City's condensed Statement of Net Position along with last fiscal year's numbers are presented for comparison in the table located below:

	Governmental Activities		Business-Type Activities		Totals		Increase (Decrease)
	2024	2023	2024	2023	2024	2023	
Current Assets	\$ 68.16	\$ 78.41	\$ 117.28	\$ 123.30	\$ 185.43	\$ 201.71	\$ (16.28)
Capital Assets, Net	270.69	258.39	179.39	173.91	450.08	432.30	17.78
Total Assets	338.85	336.80	296.66	297.21	635.51	634.01	1.50
Deferred Outflows of Resources	5.77	13.29	1.28	2.33	7.05	15.62	(8.57)
Total assets and deferred outflows of resources	344.62	350.09	297.94	299.54	642.56	649.63	(7.07)
Current and Other Liabilities	25.63	30.62	21.24	15.66	46.87	46.28	0.59
Long-Term Liabilities	156.01	162.30	122.40	131.45	278.40	293.75	(15.35)
Total Liabilities	181.63	192.92	143.64	147.11	325.27	340.03	(14.76)
Deferred Inflows of Resources	1.10	4.82	0.25	5.73	1.34	10.55	(9.21)
Net Invested in Capital Assets	125.36	110.09	74.57	41.58	199.94	151.67	48.27
Restricted	39.13	45.12	-	-	39.13	45.12	(5.99)
Unrestricted	(2.61)	(2.86)	79.49	105.12	76.88	102.26	(25.38)
Total Net Position	161.89	152.35	154.06	146.70	315.95	299.05	16.90
Total Liabilities, deferred inflows of resources and net position	\$ 344.62	\$ 350.09	\$ 297.94	\$ 299.54	\$ 642.56	\$ 649.63	\$ (7.07)

The excess of assets/deferred outflows of resources over liabilities/deferred inflows of resources reported on the government-wide Statement of Net Position of \$315,953,544 as of September 30, 2024. The increase of \$13,353,670 is due to the increase in new capital projects to improve citizens' quality of life.

By far, the most significant portion of the City's net position reflects its Net Investment in Capital Assets (e.g., land buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding, which is \$125,363,887 for governmental activities and \$74,572,297 for business-type activities. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investments in its capital assets are reported in Net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the City's net position, \$39,131,439, represents resources subject to external restrictions on how they may be used. Fiscal year 23-24 shows a negative unrestricted net position of \$2,606,751 mainly due to new investments, changes in net pension liability, the addition of PHFC as a blended component unit and bringing back PEDC as a blended component unit as a result of the GASB No. 61 guidelines.

City of Pharr
Management's Discussion and Analysis

Governmental Activities

The City's condensed changes in net position along with last fiscal year's numbers are presented for comparison in the table below:

	Governmental		Business-Type		Totals		Increase
	2024	2023	2024	2023	2024	2023	(Decrease)
Revenues:							
Program Revenues							
Charges for Services	\$ 9.76	\$ 7.81	\$ 45.71	\$ 53.57	\$ 55.47	\$ 61.38	\$ (5.91)
Operating Grants and Contributions	13.01	16.00	-	-	13.01	16.00	(2.99)
Capital Grants and Contributions	-	-	-	-	-	-	-
General Revenues							
Property Taxes	37.68	29.22	-	-	37.68	29.22	8.46
Sales Tax	29.83	30.08	-	-	29.83	30.08	(0.25)
Other Taxes	3.95	4.02	-	-	3.95	4.02	(0.07)
Other Revenues	11.14	2.50	4.51	5.40	15.65	7.90	7.75
Total Revenues	105.36	89.63	50.22	58.97	155.58	148.60	6.98
Expenses:							
General Government	25.65	16.70	-	-	25.65	16.70	8.95
Public safety	36.92	24.30	-	-	36.92	24.30	12.62
Highway and Streets	4.46	8.71	-	-	4.46	8.71	(4.25)
Health and Welfare	3.73	2.26	-	-	3.73	2.26	1.47
Culture and Recreation	17.62	6.59	-	-	17.62	6.59	11.03
Economic development	5.54	19.01	-	-	5.54	19.01	(13.47)
Interest on long-term debt	6.14	5.36	-	-	6.14	5.36	0.78
Utility Services	-	-	18.26	18.70	18.26	18.70	(0.44)
Pharr EMS	-	-	7.82	14.45	7.82	14.45	(6.63)
TeamPharr.net	-	-	4.81	1.24	4.81	1.24	3.57
Toll Brigle	-	-	6.42	7.54	6.42	7.54	(1.12)
Tierra del sol golf course	-	-	1.45	1.60	1.45	1.60	(0.15)
Total Expenses	100.05	82.93	38.76	43.53	138.81	126.46	12.35
Increase in net position before transfers	5.31	6.69	11.46	15.44	16.77	22.14	(5.37)
Contributions	0.24	-	-	1.70	0.24	1.70	(1.46)
Transfers	7.80	8.21	(8.02)	(8.21)	(0.22)	-	(0.22)
Change in Net Position	13.35	14.91	3.44	8.93	16.79	23.84	(7.05)
Net Position Beginning	152.36	136.67	146.65	137.22	299.01	273.89	25.12
Adjustments and Restatements	(3.81)	0.78	3.92	0.50	0.11	1.28	(1.17)
Net Position Ending	\$ 161.90	\$ 152.36	\$ 154.01	\$ 146.65	\$ 315.91	\$ 299.01	\$ 16.90

City of Pharr Management's Discussion and Analysis

Business-Type Activities

There was an increase in revenues for most Business-Type funds, however, an increase in operating expenses was also reflected. The decrease of \$8,079,717 in revenues reflected during this fiscal year is primarily comprised of EMS receivables, which are expected to be received in a later period.

Capital Assets and Debt Administration

The City of Pharr's capital assets for its governmental and business-type activities amount to \$450,079,885. This investment in capital assets includes water rights, lease assets (GASB No. 87), land, buildings and system improvements, other improvements, machinery and equipment, infrastructure, and construction in progress net of depreciation. The total increase in the City's capital assets for the current fiscal year was \$17.77 million or 5%.

	Governmental		Activities		Business-Type		Totals		Increase					
	2024		2023		2024	2023	2024	2023	(Decrease)					
Lease Assets	\$	2.04	\$	3.40	\$	3.00	\$	5.05	\$	(1.60)				
Subscription Assets		0.06	\$	0.14				0.06		0.14	(0.08)			
Water Rights		-		-		7.75		7.75		7.75	-			
Land		27.04		22.42		6.90		6.90		33.93	29.32	4.61		
Building and System														
Improvements		62.72		64.18		12.71		13.48		75.44	77.66	(2.22)		
Other Improvements		53.97		56.07		9.29		10.14		63.25	66.21	(2.96)		
Machinery and Equipment		8.04		7.81		9.16		6.54		17.20	14.35	2.85		
Infrastructure		25.34		26.87		100.01		94.24		125.35	121.11	4.24		
Construction in progress		91.49		77.50		30.56		31.62		122.05	109.12	12.93		
Total Capital Assets	\$	270.69	\$	258.39	\$	179.39	\$	173.92	\$	450.08	\$	432.31	\$	17.77

Additional information on the City's capital assets can be found in the Notes to the Financial Statements in this report under section *III-Detailed Notes on Funds and Component Units Subsection F-Capital Assets*.

Long-Term Debt Obligations

At the end of the current fiscal year, the City had a total contractually obligated long-term debt of \$250.89 million. The details of the change in debt from last fiscal year are as indicated:

	Governmental		Increase (Decrease)
	2024	2023	
Bonds	\$ -	\$ -	\$ -
Certificates of Obligation	112.23	115.54	(3.32)
Capital Equipment Loans	7.99	4.58	3.41
Notes Payable	15.54	18.94	(3.40)
Total Long-Term Debt	135.76	139.06	(3.30)
	Business-Type		
	2024	2023	Increase (Decrease)
Bonds Payable	108.60	114.15	(5.55)
Capital Equipment Loans	6.54	6.13	0.41
Total Long-Term Debt	115.14	120.28	(5.14)
Total Long-Term Debt	\$ 250.89	\$ 259.34	\$ (8.45)

City of Pharr
Management's Discussion and Analysis

Long-Term Debt (Continued)

Long-term debt for governmental activities decreased by \$3.32 million due to bonds issued for the TeamPharr.net project which was funded by the Pharr Economic Development Corporation.

Long-term debt for Business-Type activities decreased by \$5.14 million. The decrease in long-term debt is mainly due to debt repayments made during the fiscal year.

Additional information on the City's long-term debt can be found in this report's Notes to the Financial Statements under *Section III-Detailed Notes on Funds and Component Units Subsection G-Long-Term Obligations*.

Pension Liability and Other Post-Employment Benefits

The adoption of Statement No. 68 and Statement No. 75 resulted in the City's reporting of net pension and OPEB liabilities, deferred inflows, and deferred outflows of resources for each of these qualified pension and benefit plans and the recognition expense by the statement provisions.

Table 5 provides the City's key pension statistics related to the Texas Municipal Retirement System (TMRS) plan as of and for the fiscal year ended September 30, 2024:

Description	Amount
Net Pension Liability	24.03
Pension Expense	6.72
OPEB Liability	1.41
OPEB Expense	0.08

Additional information on the City's net pension liability can be found in the Notes to the Financial Statements as indicated in the table of contents of this report.

Economic Factors and Next Year's Budgets and Rates

- The launch of TeamPharr.net, and the new broadband service provided by the City continues to provide citizens with the opportunity to connect and further improve quality of life. The service will also expand by extending services the business community.
- The continuation of the new infrastructure projects related to the Bridge Expansion and other improvements inside the Port of Entry will ultimately streamline the truck/cargo inspection process, allow for better flow and maximum efficiency, and produce more crossing revenues for the City of Pharr.
- The City's proposed revenues for the 2024-2025 fiscal year are \$83,703,900, which represents an increase of approximately \$9,554,345 from the current year.

City of Pharr
Management's Discussion and Analysis

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to City of Pharr, Office of the Finance Director, P.O. Box 1729, Pharr, TX 78577.

BASIC FINANCIAL STATEMENTS

CITY OF PHARR, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

	Primary Government		
	Governmental	Business -	Total
	Activities	Type Activities	
ASSETS			
Cash and Cash Equivalents	\$ 25,751,979	\$ 64,348,684	\$ 90,100,663
Taxes Receivable, Net	2,489,415	-	2,489,415
Accounts Receivable, Net	11,571,026	9,888,762	21,459,788
Notes Receivable, Net	1,334,713	-	1,334,713
Due from Other Funds	5,898,774	(5,988,115)	(89,341)
Due from Others	4,671,230	-	4,671,230
Inventories/Prepays	23,690	262,787	286,477
Land Available for Sale	3,353,679	-	3,353,679
Permanently Restricted:			
Restricted Asset - Cash and Cash Equivalents	11,579,969	46,947,209	58,527,178
Restricted Asset - Cash with Fiscal Agent	1,050,923	1,816,000	2,866,923
Restricted Asset - Intergovernmental Receivable	433,365	-	433,365
Capital Assets:			
Land	27,036,155	14,647,338	41,683,493
Infrastructure, Net	25,344,306	100,009,987	125,354,293
Buildings, Net	62,720,392	12,714,977	75,435,369
Improvements other than Buildings, Net	53,965,855	9,287,222	63,253,077
Machinery and Equipment, Net	8,037,354	9,162,928	17,200,282
Right-to-Use Lease Assets, Net	2,042,352	3,004,101	5,046,453
SBITA Assets, Net	58,043	-	58,043
Construction in Progress	91,488,733	30,560,142	122,048,875
Total Assets	<u>338,851,953</u>	<u>296,662,022</u>	<u>635,513,975</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge for Refunding	-	65,162	65,162
Deferred Outflow Related to Pension Plan	5,138,885	1,151,184	6,290,069
Deferred Outflow Related to OPEB	290,220	65,013	355,233
Deferred Resource Related to TESRS	337,083	-	337,083
Total Deferred Outflows of Resources	<u>5,766,188</u>	<u>1,281,359</u>	<u>7,047,547</u>
LIABILITIES			
Accounts Payable	7,517,069	5,649,487	13,166,556
Accrued Liabilities	1,142,107	767,608	1,909,715
Compensated Absences Payable	41,010	598,743	639,753
Due to Others	-	-	-
Accrued Interest Payable	581,678	750,826	1,332,504
Unearned Revenues	4,071,658	4,881,026	8,952,684
Escrow Accounts	1,685,760	-	1,685,760
Noncurrent Liabilities:			
Due Within One Year	10,589,805	8,591,001	19,180,806
Due in More Than One Year:			
Debt Due In More Than One Year	134,461,281	117,741,516	252,202,797
Net TMRs/TESRS Pension Liability	19,635,762	4,398,690	24,034,452
Net OPEB Liability	1,908,260	257,180	2,165,440
Total Liabilities	<u>181,634,390</u>	<u>143,636,077</u>	<u>325,270,467</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflow Related to Pension Plan	630,207	141,175	771,382
Deferred Inflow Related to OPEB	464,969	104,160	569,129
Total Deferred Inflows of Resources	<u>1,095,176</u>	<u>245,335</u>	<u>1,340,511</u>
NET POSITION			
Net Investment in Capital Assets and Lease Assets	125,363,887	74,572,297	199,936,184
Restricted:			
Restricted for Capital Outlay	1,050,923	-	1,050,923
Restricted for Debt Service	17,224,286	-	17,224,286
Restricted for Economic Development	13,923,662	-	13,923,662
Restricted for Other Purposes	6,932,568	-	6,932,568
Unrestricted	(2,606,751)	79,489,672	76,882,921
Total Net Position	<u>\$ 161,888,575</u>	<u>\$ 154,061,969</u>	<u>\$ 315,950,544</u>

The notes to the financial statements are an integral part of this statement.

EXHIBIT A-1

Component Units	
Pharr Chamber of Commerce	PHFC Jackson Apartments
\$ 237,630	\$ 233,524
-	-
-	20,389
-	-
89,341	-
-	-
-	114,937
-	-
-	2,679,318
-	-
-	-
-	1,500,000
-	-
-	22,967,270
-	-
1,611	-
-	-
-	-
-	-
328,582	27,515,438
-	-
-	-
-	-
-	-
-	-
41,375	43,767
-	71,150
-	-
-	3,842,783
-	-
-	28,643
45,546	-
-	-
1,350	801,059
4,051	29,255,166
-	-
-	-
92,322	34,042,568
-	-
-	-
-	-
-	-
-	-
-	-
-	2,679,318
236,259	-
-	-
-	(9,206,448)
\$ 236,259	\$ (6,527,130)

CITY OF PHARR, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

		Program Revenues	
	Expenses	Charges for Services	Operating Grants and Contributions
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
General Government	\$ 25,654,927	\$ 2,207,871	\$ 8,411,937
Public Safety	36,915,756	1,351,501	4,043,180
Highways and Streets	4,457,757	5,532,779	555,802
Health and Welfare	3,729,898	-	-
Culture and Recreation	17,621,115	670,913	-
Economic Development	5,537,733	-	-
Interest on Debt	6,130,101	-	-
Other Debt Service	5,766	-	-
Total Governmental Activities	100,053,053	9,763,064	13,010,919
BUSINESS-TYPE ACTIVITIES:			
Utility	18,261,867	16,727,722	-
EMS	7,825,183	5,809,416	-
TeamPharr.Net	4,818,163	2,330,321	-
Toll Bridge	6,429,512	19,917,871	-
Tierra Del Sol Golf Course	1,426,948	922,517	-
Total Business-Type Activities	38,761,673	45,707,847	-
TOTAL PRIMARY GOVERNMENT	\$ 138,814,726	\$ 55,470,911	\$ 13,010,919
Component Units:			
Greater Pharr Chamber of Commerce	\$ 303,795	\$ 71,784	\$ -
PHFC Jackson Place Apartments	3,732,376	3,912,493	-
TOTAL COMPONENT UNITS	\$ 4,036,171	\$ 3,984,277	\$ -

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes
Property Taxes, Levied for Debt Service
General Sales and Use Taxes
Franchise Tax
Other Taxes
Grants and Contributions
Miscellaneous Revenue
Investment Earnings
Transfers In (Out)

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning
Adjustments and Restatement
Net Position - Ending

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	Pharr Chamber of Commerce	PIIFC Jackson Apartments
\$ (15,035,119)	\$ -	\$ (15,035,119)	\$ -	\$ -
(31,521,075)	-	(31,521,075)	-	-
1,630,824	-	1,630,824	-	-
(3,729,898)	-	(3,729,898)	-	-
(16,950,202)	-	(16,950,202)	-	-
(5,537,733)	-	(5,537,733)	-	-
(6,130,101)	-	(6,130,101)	-	-
(5,766)	-	(5,766)	-	-
(77,279,070)	-	(77,279,070)	-	-
-	(1,534,145)	(1,534,145)	-	-
-	(2,015,767)	(2,015,767)	-	-
-	(2,487,842)	(2,487,842)	-	-
-	13,488,359	13,488,359	-	-
-	(504,431)	(504,431)	-	-
-	6,946,174	6,946,174	-	-
(77,279,070)	6,946,174	(70,332,896)	-	-
-	-	-	(232,011)	-
-	-	-	-	180,117
-	-	-	(232,011)	180,117
28,385,162	-	28,385,162	-	-
9,290,632	-	9,290,632	-	-
29,828,389	-	29,828,389	-	-
2,616,057	-	2,616,057	-	-
1,329,793	-	1,329,793	-	-
245,089	-	245,089	-	-
10,383,641	1,387,461	11,771,102	5,611	105
754,840	3,122,776	3,877,616	-	-
7,799,137	(8,017,537)	(218,400)	218,400	-
90,632,740	(3,507,300)	87,125,440	224,011	105
13,353,670	3,438,874	16,792,544	(8,000)	180,222
152,347,674	146,704,793	299,052,467	244,259	(6,707,352)
(3,812,769)	3,921,302	108,533	-	-
\$ 161,888,575	\$ 154,064,969	\$ 315,953,544	\$ 236,259	\$ (6,527,130)

CITY OF PHARR, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024

	General Fund	Economic Development Corp II, Inc.	Debt Service Fund
ASSETS			
Cash and Cash Equivalents	\$ (2,418,842)	\$ 5,331,215	\$ 11,929,298
Taxes Receivable	2,489,415	-	-
Accounts Receivable, Net	6,477,981	1,391,195	694,568
Notes Receivable, Net	-	1,277,424	-
Due from Other Funds	7,720,292	-	-
Due from Others	4,671,230	-	-
Prepaid Items	-	-	-
Land Available for Sale	-	3,353,679	-
Restricted Cash with Fiscal Agent	-	5,434,241	-
Restricted Asset - Cash with Fiscal Agent	1,050,923	-	-
Restricted Asset - Intergovernmental Receivable	-	-	-
Total Assets	<u>\$ 19,990,999</u>	<u>\$ 16,787,754</u>	<u>\$ 12,623,866</u>
LIABILITIES			
Accounts Payable	\$ 3,488,913	\$ 1,744,642	\$ 1,160
Accrued Liabilities	1,142,107	-	-
Due to Other Funds	121,046	202,771	-
Unearned Revenues	-	-	-
Escrow Accounts	124,802	-	-
Total Liabilities	<u>4,876,868</u>	<u>1,947,413</u>	<u>1,160</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	1,096,866	-	344,594
Deferred Revenue - Accounts	872,891	171,493	-
Deferred Revenue - Warrants	2,013,104	-	-
Total Deferred Inflows of Resources	<u>3,982,861</u>	<u>171,493</u>	<u>344,594</u>
FUND BALANCES			
Nonspendable Fund Balance:			
Land Available for Sale	-	3,353,679	-
Prepaid Items	-	-	-
Restricted Fund Balance:			
Public Safety	-	-	-
Tourism	-	-	-
Parkland	-	-	-
Paving and Drainage	-	-	-
Retirement of Long-Term Debt	1,050,923	4,946,174	12,278,112
Economic Development	-	6,368,995	-
Unassigned Fund Balance	10,080,347	-	-
Total Fund Balances	<u>11,131,270</u>	<u>14,668,848</u>	<u>12,278,112</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 19,990,999</u>	<u>\$ 16,787,754</u>	<u>\$ 12,623,866</u>

The notes to the financial statements are an integral part of this statement.

Other Funds		Total Governmental Funds	
\$	11,287,236	\$	26,128,907
	-		2,489,415
	3,007,282		11,571,026
	57,289		1,334,713
	177,343		7,897,635
	-		4,671,230
	10,000		10,000
	-		3,353,679
	6,145,728		11,579,969
	-		1,050,923
	433,365		433,365
<u>\$</u>	<u>21,118,243</u>	<u>\$</u>	<u>70,520,862</u>
\$	2,280,339	\$	7,515,054
	-		1,142,107
	1,670,029		1,993,846
	3,990,165		3,990,165
	1,560,958		1,685,760
<u></u>	<u>9,501,491</u>	<u></u>	<u>16,326,932</u>
	-		1,441,460
	2,245,593		3,289,977
	-		2,013,104
<u></u>	<u>2,245,593</u>	<u></u>	<u>6,744,541</u>
	-		3,353,679
	10,000		10,000
	1,173,931		1,173,931
	1,184,170		1,184,170
	145,946		145,946
	1,064,842		1,064,842
	-		18,275,209
	7,554,667		13,923,662
	(1,762,397)		8,317,950
<u></u>	<u>9,371,159</u>	<u></u>	<u>47,449,389</u>
<u>\$</u>	<u>21,118,243</u>	<u>\$</u>	<u>70,520,862</u>

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CITY OF PHARR, TEXAS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 STATEMENT OF NET POSITION
 SEPTEMBER 30, 2024

Total Fund Balances - Governmental Funds	\$ 47,449,389
The City uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other governmental funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. The net effect of this consolidation is to increase (decrease) net position.	(214,554)
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase (decrease) net position.	109,808,898
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2024 capital outlays and debt principal payments is to increase (decrease) net position.	25,149,128
Included in the noncurrent liabilities is the recognition of the City's net pension liability required by GASB Statement No. 68, a deferred resource outflow and a deferred resource inflow. This resulted in a decrease in net position.	(15,127,084)
Included in the noncurrent liabilities is the recognition of the City's net pension liability required by GASB Statement No. 75, a deferred resource outflow and a deferred resource inflow. This resulted in a decrease in net position.	(1,322,795)
The 2024 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(10,175,817)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net position.	6,321,410
Net Position of Governmental Activities	\$ 161,888,575

The notes to the financial statements are an integral part of this statement.

CITY OF PHARR, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	General Fund	Economic Development Corp II, Inc.	Debt Service Fund
REVENUES:			
Taxes:			
Property Taxes	\$ 25,623,334	\$ -	\$ 9,290,632
General Sales and Use Taxes	22,371,291	7,457,098	-
Franchise Tax	2,616,057	-	-
Other Taxes	215,109	-	-
Licenses and Permits	1,714,026	-	-
Intergovernmental Revenue and Grants	82,112	-	-
Charges for Services	5,431,706	-	-
Charges for Services - Other	-	-	-
Fines	698,839	-	-
Investment Earnings	65,553	251,006	262,449
Sponsorships	-	245,088	-
Other Revenue	1,338,258	340,225	-
Total Revenues	60,156,285	8,293,417	9,553,081
EXPENDITURES:			
Current:			
General Government	18,947,427	-	-
Public Safety	31,579,167	-	-
Highways and Streets	5,556,715	-	-
Health and Welfare	3,729,898	-	-
Culture and Recreation	9,924,002	-	-
Economic Development	2,058,417	5,453,326	-
Debt Service:			
Principal on Debt	2,462,053	-	5,547,373
Interest on Debt	255,814	2,377,830	3,048,795
Other Debt Service	5,766	-	-
Total Expenditures	74,519,259	7,831,156	8,596,168
Excess (Deficiency) of Revenues Over (Under) Expenditures	(14,362,974)	462,261	956,913
OTHER FINANCING SOURCES (USES):			
Issuance of Bonds	2,446,100	-	-
Sale of Real and Personal Property	-	435,750	-
Proceeds from Right-to-Use Leases	225,076	-	-
Transfers In	16,151,500	249,346	2,120,600
Transfers Out	(9,732,201)	(2,310,500)	(3,692,601)
Other (Uses)	-	-	(7,061)
Total Other Financing Sources (Uses)	9,090,475	(1,625,404)	(1,579,062)
Net Change in Fund Balances	(5,272,499)	(1,163,143)	(622,149)
Fund Balance - October 1 (Beginning)	16,722,608	15,831,991	-
Adjustments and Restatements	(318,839)	-	12,900,261
Fund Balance - September 30 (Ending)	\$ 11,131,270	\$ 14,668,848	\$ 12,278,112

The notes to the financial statements are an integral part of this statement.

Other Funds	Total Governmental Funds
\$ 1,185,300	\$ 36,099,266
-	29,828,389
-	2,616,057
1,114,684	1,329,793
-	1,714,026
12,928,808	13,010,920
-	5,431,706
1,265,834	1,265,834
-	698,839
175,832	754,840
-	245,088
<u>18,348</u>	<u>1,696,831</u>
<u>16,688,806</u>	<u>94,691,589</u>
8,210,560	27,157,987
3,470,483	35,049,650
1,932,825	7,489,540
-	3,729,898
4,976,711	14,900,713
-	7,511,743
1,462,708	9,472,134
113,769	5,796,208
-	<u>5,766</u>
<u>20,167,056</u>	<u>111,113,639</u>
<u>(3,478,250)</u>	<u>(16,422,050)</u>
-	2,446,100
-	435,750
-	225,076
6,658,132	25,179,578
(1,645,500)	(17,380,802)
-	<u>(7,061)</u>
<u>5,012,632</u>	<u>10,898,641</u>
1,534,382	(5,523,409)
20,737,038	53,291,637
(12,900,261)	(318,839)
<u>\$ 9,371,159</u>	<u>\$ 47,449,389</u>

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CITY OF PHARR, TEXAS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2024

Total Net Change in Fund Balances - Governmental Funds	\$ (5,523,409)
The city uses some internal service funds to charge the costs of certain activities primarily to the governmental funds. The net income (loss) of these internal service funds are reported with governmental activities. The net effect of this consolidation is to increase (decrease) the change in net position.	(445,782)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2024 capital outlays and debt principal payments is to increase (decrease) the change in net position.	28,643,058
GASB 68 requires certain plan expenditures to be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position. Contributions made before the measurement date and during the previous fiscal year were expended and recorded as as reduction in net pension liability. Finally, the proportionate share of pension expense on the plan as a whole has to be recorded.	(1,693,153)
GASB 75 requires certain plan expenditures to be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position. Contributions made before the measurement date and during the previous fiscal year were expended and recorded as as reduction in net pension liability. Finally, the proportionate share of pension expense on the plan as a whole has to be recorded.	(29,261)
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease the change in net position.	(10,175,817)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) the change in net position.	2,578,034
Change in Net Position of Governmental Activities	\$ 13,353,670

The notes to the financial statements are an integral part of this statement.

CITY OF PHARR, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2024

	Business-Type Activities	
	Utility	EMS
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 1,800,132	\$ 96,006
Restricted Assets - Current:		
Restricted Cash	46,947,209	-
Restricted Cash with Fiscal Agent	166,000	-
Accounts Receivable, Net	2,350,827	2,614,183
Inventories	104,359	52,705
Total Current Assets	<u>51,368,527</u>	<u>2,762,894</u>
Noncurrent Assets:		
Capital Assets:		
Land	12,043,127	785,224
Infrastructure, Net	80,248,773	-
Buildings, Net	7,473,322	1,967,720
Improvements other than Buildings, Net	7,837,631	40,899
Machinery and Equipment, Net	2,759,255	4,410,971
Right-to-Use Lease Assets, Net	96,151	2,832,661
Construction in Progress	8,791,268	-
Total Noncurrent Assets	<u>119,249,527</u>	<u>10,037,475</u>
Total Assets	<u>170,618,054</u>	<u>12,800,369</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charge for Refunding	65,162	-
Deferred Outflow Related to Pension Plan	407,193	510,927
Deferred Outflow Related to OPEB	22,996	28,855
Total Deferred Outflows of Resources	<u>495,351</u>	<u>539,782</u>

The notes to the financial statements are an integral part of this statement.

- Enterprise Funds				Governmental Activities
TeamPharr.Net	Toll Bridge	Tierra Del Sol Golf Course	Total Enterprise Funds	Total Internal Service Funds
\$ 52,307	\$ 62,350,227	\$ 50,012	\$ 64,348,684	\$ (376,928)
-	-	-	46,947,209	-
-	1,650,000	-	1,816,000	-
3,986,107	925,399	12,246	9,888,762	-
-	85,303	20,420	262,787	13,690
4,038,414	65,010,929	82,678	123,263,442	(363,238)
-	819,645	999,342	14,647,338	-
-	19,761,214	-	100,009,987	-
-	3,037,013	236,922	12,714,977	278,217
-	252,220	1,156,472	9,287,222	-
32,337	1,811,438	148,927	9,162,928	-
-	3,803	71,486	3,004,101	-
-	21,768,874	-	30,560,142	-
32,337	47,454,207	2,613,149	179,386,695	278,217
4,070,751	112,465,136	2,695,827	302,650,137	(85,021)
-	-	-	65,162	-
-	153,626	79,438	1,151,184	-
-	8,676	4,486	65,013	-
-	162,302	83,924	1,281,359	-

CITY OF PHARR, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2024

	Business-Type Activities	
	Utility	EMS
LIABILITIES		
Current Liabilities:		
Accounts Payable	656,550	177,608
Compensated Absences Payable	404,050	91,224
Due to Other Funds	3,872,354	337,305
Accrued Interest Payable	162,182	-
Unearned Revenues	3,194,174	220
Debt Due Within One Year	5,303,183	380,329
Other Current Liabilities	767,608	-
Total Current Liabilities	<u>14,360,101</u>	<u>986,686</u>
Noncurrent Liabilities:		
Debt Due In More Than One Year	48,942,455	2,614,336
Net Pension Liability	1,555,892	1,952,259
Net OPEB Liability	90,969	114,143
Total Noncurrent Liabilities	<u>50,589,316</u>	<u>4,680,738</u>
Total Liabilities	<u>64,949,417</u>	<u>5,667,424</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflow Related to Pension Plan	49,936	62,657
Deferred Inflow Related to OPEB	36,843	46,229
Total Deferred Inflows of Resources	<u>86,779</u>	<u>108,886</u>
NET POSITION		
Net Investment in Capital Assets and Lease Assets	65,069,054	7,042,810
Unrestricted	41,008,155	521,031
Total Net Position	<u>\$ 106,077,209</u>	<u>\$ 7,563,841</u>

The notes to the financial statements are an integral part of this statement.

- Enterprise Funds			Governmental Activities	
TeamPharr.Net	Toll Bridge	Tierra Del Sol Golf Course	Total Enterprise Funds	Total Internal Service Funds
300,316	4,502,458	12,555	5,649,487	2,015
3,050	76,821	23,598	598,743	41,010
1,694,856	55,863	27,737	5,988,115	5,015
-	588,644	-	750,826	-
-	1,634,605	52,027	4,881,026	81,493
-	2,755,483	152,006	8,591,001	-
-	-	-	767,608	-
1,998,222	9,613,874	267,923	27,226,806	129,533
-	66,151,678	33,047	117,741,516	-
-	587,006	303,533	4,398,690	-
-	34,321	17,747	257,180	-
-	66,773,005	354,327	122,397,386	-
1,998,222	76,386,879	622,250	149,624,192	129,533
-	18,840	9,742	141,175	-
-	13,900	7,188	104,160	-
-	32,740	16,930	245,335	-
32,337	-	2,428,096	74,572,297	278,217
2,040,192	36,207,819	(287,525)	79,489,672	(492,771)
\$ 2,072,529	\$ 36,207,819	\$ 2,140,571	\$ 154,061,969	\$ (214,554)

CITY OF PHARR, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Business-Type Activities	
	Utility	EMS
OPERATING REVENUES:		
Garage Repairs	\$ -	\$ -
Claims	-	-
Water Sales	9,220,733	-
Sewer Sales	7,232,219	-
Tap Fees	274,771	-
Toll Fees	-	-
Golf Services	-	-
Internet Services	-	-
EMS	-	5,809,416
Lease Revenue	-	-
Other Revenue	319,907	580,967
Total Operating Revenues	17,047,630	6,390,383
OPERATING EXPENSES:		
Personnel Services	3,998,614	5,050,687
Contractual Services	4,695,813	1,397,125
Supplies	2,624,377	258,102
Depreciation	6,540,723	1,262,121
Self-Insurance Claims	-	-
Total Operating Expenses	17,859,527	7,968,035
Operating Income (Loss)	(811,897)	(1,577,652)
NONOPERATING REVENUES (EXPENSES):		
Investment Earnings	156,217	4,962
Interest Expense - Nonoperating	(580,107)	(285)
Pension/OPEB Income	177,767	143,137
Total Nonoperating Revenue (Expenses)	(246,123)	147,814
Income (Loss) Before Transfers	(1,058,020)	(1,429,838)
Nonoperating Transfers In	1,784,000	1,204,404
Transfers Out	-	-
Change in Net Position	725,980	(225,434)
Total Net Position - October 1 (Beginning)	105,661,979	3,617,543
Adjustments and Restatements	(310,750)	4,171,732
Total Net Position - September 30 (Ending)	\$ 106,077,209	\$ 7,563,841

The notes to the financial statements are an integral part of this statement.

- Enterprise Funds				Governmental Activities
TeamPharr.Net	Toll Bridge	Tierra Del Sol Golf Course	Total Enterprise Funds	Total Internal Service Funds
\$ -	\$ -	\$ -	\$ -	\$ 1,100,664
-	-	-	-	6,385,478
-	-	-	9,220,733	-
-	-	-	7,232,219	-
-	-	-	274,771	-
-	19,917,872	-	19,917,872	-
-	-	922,517	922,517	-
2,330,322	-	-	2,330,322	-
-	-	-	5,809,416	-
-	277,523	-	277,523	-
-	168,738	40,323	1,109,935	-
<u>2,330,322</u>	<u>20,364,133</u>	<u>962,840</u>	<u>47,095,308</u>	<u>7,486,142</u>
957,956	1,354,785	786,043	12,148,085	230,645
3,749,577	1,804,563	197,073	11,844,151	790,488
103,737	228,313	178,245	3,392,774	-
6,893	868,211	329,905	9,007,853	14,467
-	-	-	-	6,896,686
<u>4,818,163</u>	<u>4,255,872</u>	<u>1,491,266</u>	<u>36,392,863</u>	<u>7,932,286</u>
<u>(2,487,841)</u>	<u>16,108,261</u>	<u>(528,426)</u>	<u>10,702,445</u>	<u>(446,144)</u>
459	2,959,710	1,428	3,122,776	-
-	(2,240,063)	(2,139)	(2,822,594)	-
-	66,423	66,457	453,784	-
<u>459</u>	<u>786,070</u>	<u>65,746</u>	<u>753,966</u>	<u>-</u>
<u>(2,487,382)</u>	<u>16,894,331</u>	<u>(462,680)</u>	<u>11,456,411</u>	<u>(446,144)</u>
799,205	13,797,902	452,154	18,037,665	362
-	(26,055,202)	-	(26,055,202)	-
<u>(1,688,177)</u>	<u>4,637,031</u>	<u>(10,526)</u>	<u>3,438,874</u>	<u>(445,782)</u>
3,760,706	31,573,788	2,090,777	146,704,793	231,228
-	-	60,320	3,921,302	-
<u>\$ 2,072,529</u>	<u>\$ 36,210,819</u>	<u>\$ 2,140,571</u>	<u>\$ 154,064,969</u>	<u>\$ (214,554)</u>

CITY OF PHARR, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Business-Type Activities	
	Utility	EMS
<u>Cash Flows from Operating Activities:</u>		
Cash Received from User Charges	\$ 17,047,630	\$ 6,390,383
Cash Payments to Employees for Services	(4,381,387)	(5,196,798)
Cash Payments for Insurance Claims	-	-
Cash Payments for Other Operating Expenses	(6,889,710)	(2,084,444)
Net Cash Provided by (Used for) Operating Activities	<u>5,776,533</u>	<u>(890,859)</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>		
Operating Transfer In	1,784,000	1,204,404
Operating Transfer Out	-	-
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>1,784,000</u>	<u>1,204,404</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>		
Acquisition of Capital Assets	(1,786,345)	(4,172,917)
Principal and Interest Paid on Long-Term Debt	(4,742,107)	(364,453)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(6,528,452)</u>	<u>(4,537,370)</u>
<u>Cash Flows from Investing Activities:</u>		
Interest and Dividends on Investments	156,217	4,962
Other	177,767	143,137
Net Cash Provided by Investing Activities	<u>333,984</u>	<u>148,099</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,376,065	(4,075,726)
Cash and Cash Equivalents at Beginning of Year	47,858,026	-
Adjustments and Restatements	(310,750)	4,171,732
Cash and Cash Equivalents at End of Year	<u>\$ 48,923,341</u>	<u>\$ 96,006</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>		
<u>Provided by (Used for) Operating Activities:</u>		
Operating Income (Loss)	\$ (811,897)	\$ (1,577,652)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used For) Operating Activities:		
Depreciation	6,540,723	1,262,121
Effect of Increases and Decreases in Current Assets and Liabilities:		
Decrease (Increase) in Receivables	1,329,545	(126,247)
Decrease (Increase) in Inventories	(104,359)	(52,702)
Decrease (Increase) in Pension/OPEB Outflows	399,340	414,130
Increase (Decrease) in Accounts Payable	(506,536)	11,402
Increase (Decrease) in Payroll Deductions	(782,113)	(560,241)
Increase (Decrease) in Interfund Payables	(278,170)	(261,670)
Net Cash Provided by (Used for) Operating Activities	<u>\$ 5,786,533</u>	<u>\$ (890,859)</u>

The notes to the financial statements are an integral part of this statement.

				Governmental Activities -
TeamPharr.Net	Toll Bridge	Tierra Del Sol Golf Course	Total Enterprise Funds	Total Internal Service Funds
\$ 2,330,322	\$ 20,364,133	\$ 962,840	\$ 47,095,308	\$ 7,486,142
(957,956)	(1,429,489)	(856,342)	(12,821,972)	-
-	-	-	-	(6,920,450)
(2,131,462)	2,449,845	(377,112)	(9,032,883)	(1,001,337)
(759,096)	21,384,489	(270,614)	25,240,453	(435,645)
799,205	13,797,902	452,154	18,037,665	362
-	(26,055,202)	-	(26,055,202)	-
799,205	(12,257,300)	452,154	(8,017,537)	362
-	(8,012,052)	(273,857)	(14,245,171)	-
-	(3,635,063)	(127,018)	(8,868,641)	-
-	(11,647,115)	(400,875)	(23,113,812)	-
459	2,959,710	1,428	3,122,776	-
-	66,423	-	387,327	-
459	3,026,133	1,428	3,510,103	-
40,568	506,207	(217,907)	(2,370,793)	(435,283)
11,739	63,494,020	141,141	111,504,926	58,355
-	-	60,320	3,921,302	-
\$ 52,307	\$ 64,000,227	\$ (16,446)	\$ 113,055,435	\$ (376,928)
\$ (2,487,841)	\$ 16,108,261	\$ (528,426)	\$ 10,702,445	\$ (446,144)
6,893	868,211	329,905	9,007,853	14,467
(54,748)	737,040	2,117	1,887,707	(23,764)
-	(85,303)	-	(242,364)	27,711
-	140,996	89,865	1,044,331	-
265,348	3,785,819	(29,625)	3,526,408	(7,915)
-	(215,700)	(160,164)	(1,718,218)	-
1,511,252	45,165	25,714	1,042,291	-
\$ (759,096)	\$ 21,384,489	\$ (270,614)	\$ 25,250,453	\$ (435,645)

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NOTES TO THE FINANCIAL STATEMENTS

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City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General Statement

The City of Pharr, Texas (City) was founded in 1909 and was incorporated as a general law city on February 22, 1916. The City Charter was approved via election and adopted with an effective date of December 1, 1949. The charter established a City Manager form of government. The municipal government provided by the Charter of the City of Pharr, Texas shall be known as the Board of Commissioners. The Board of Commissioners shall consist of a Mayor and six (6) Commissioners, and which shall enact local legislation, adopt budgets, determine policies, and appoint the City Manager, who is held responsible to the Board of Commissioners for the execution of the laws and the administration of the government of the City.

The general governmental functions include law enforcement, fire, and other public safety activities, streets, sanitation, public improvements, public charities, parks and recreation, library services, zoning, and general administrative services. Enterprise funds are used to account for the operations of its utility, EMS, teampharr.net, bridge, and golf operations.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United State of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units and by the Financial Accounting Standards Board (FASB), when applicable.

B. Financial Reporting Entity

The City's financial reporting entity comprises the following:

Primary Government: City of Pharr, Texas

The City's basic financial statements include the accounts of all City operations. The criteria for including organizations as component units with the City's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- The organization is legally separate (can sue and be sued in their own name).
- The city holds the corporate powers of the organization.
- The city appoints a voting majority of the organization's board.
- The city can impose its will on the organization.
- The organization has the potential to impose a financial benefit/burden on the City.
- There is fiscal dependency by the organization on the city.

Blended Component Unit

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is substantially the same as the City Commission and (1) there is a financial benefit or burden between the primary government and the component unit (2) city management holds power on the organization.

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Financial Reporting Entity (continued)

The city has four blended component units, Tax Increment Reinvestment Zone No. 1, Tax Increment Reinvestment Zone No. 2, Information, and Pharr Economic Development Corporation II, Inc, Pharr Housing Finance Corporation.

Tax Increment Reinvestment Zone No. 1-On March 2012, the City Commissioners created the Tax Increment Reinvestment Zone No. 1 (TIRZ No. 1). TIRZ is a separate entity with its own EIN; the entity has a total of four (4) board members, for which three (3) of them are part of the city's board of commissioners. TIRZ #1 board serves as an advisory board; any projects or changes in the entity will have to be approved by the city's commission to be executed. TIRZ#1 has no active employees, so all administrative documentation is done by the city's staff and approved by city management.

TIRZ No. 1 was established to provide a financing mechanism to facilitate a high-quality development in the Pharr area, created by ordinance No. O-2011-46 in September 2011, TIRZ No. 1 is set to expire on January 1, 2051, or when all project costs are paid and all debt is retired, whichever comes first. Separate financial statements issued by TIRZ No. 1 can be obtained by request at the following address: TIRZ No. 1 P.O. Box 1729 Pharr, TX 78577. The city contributes 60% of the agreed contributions every year; payments and disbursements need to be approved by the city manager.

Tax Increment Reinvestment Zone No. 2-On February 2015, the City Commissioners created the Tax Increment Reinvestment Zone No. 2 (TIRZ No. 2). TIRZ is a separate entity with its own EIN. The entity, just like TIRZ # 1, has a total of four (4) members, of which three (3) of them are part of the city's board commissioners. The board is only an advisory board. Any changes on the entity will need to be approved by the city commission, and all documentation is prepared by city staff and approved by the city manager.

TIRZ No. 2 was established to provide a financing mechanism to facilitate a high-quality development in the Pharr area, created by ordinance No. O-2015-52 in November 2015 TIRZ No. 2 is set to expire on January 1, 2035, or the date when all project costs are paid and all debt is retired, whichever comes first. Separate financial statements issued by TIRZ No. 2 can be obtained by request at the following address: TIRZ No. 2 P.O. Box 1729 Pharr, TX 78577. The city contributes 60% of the agreed contributions every year. Also, payments and disbursements need to be approved by the city manager.

Pharr Economic Development Corporation II, Inc. – (PEDC) is a nonprofit development corporation organized for the purpose of promoting the general economic welfare of the city. The component unit may offer incentives to local businesses for the enhancement of the community. While PEDC does not provide services directly to the city, all activities benefit the economic growth bringing more funding and economic resources to the city.

Sales taxes are collected under Section 4B of the Development Corporation Act of 1979 for these purposes. Voted by the citizens of Pharr on November 4, 2008, and ratified by the City Commission on November 10, 2008, via ordinance O-2008-49, the PEDC 4a was dissolved, and the PEDC was authorized to receive the sales tax revenue, which is its main revenue source. PEDC is consider a blended component unit due to its relationship with the primary government, PEDC board members can not add or remove a board member without city commission approval, also, all policies and program administration shall be submitted for city commission approval and PEDC board shall administer said programs accordingly. Recently PEDC and the city joined forces to increase the quality of life of the Pharr citizens by investing in broadband infrastructure,

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Financial Reporting Entity- (continued)

PEDC is funding the project while the city manages the construction and services. Separate financial statements issued by the PEDC can be obtained by request at the following address: PEDC- 1215 South Cage Blvd. Pharr, TX 78577.

Pharr Housing Finance Corporation- On November 2015, the entity was created to carry out the purposes of the Texas Housing Finance Corporations Act, Chapter 394, Texas Local Government Code, which is to provide financially residential ownership and development to provide decent, safe, and sanitary housing for residents of the City of Pharr, Texas at prices they can afford. The Board of Directors is composed in its entirety of people who are members of the governing body of the city and whose terms of office shall be fixed by and run conterminously with their respective terms of office on such governing body of the city.

Discretely Presented Component Units

The component unit column in the government-wide financial statements includes the financial data of the city's component unit. The unit is reported in a separate column to emphasize that they are legally separate from the city but are included because the primary government is financially accountable and can impose its will on the organization. This component unit subscribes to the accounting policies and procedures of the primary government.

The Greater Pharr Chamber of Commerce is a nonprofit corporation created on April 16, 2018, to create an environment in which Pharr businesses can succeed and thrive and promote economic development by creating and promoting community events to increase tourism in tourism the City of Pharr, Texas. The Chamber has a different Primary government management is responsible for overseeing and approving financial operations and decisions concerning the organization. Separate financial statements issued by the Chamber of Commerce can be obtained by request at 1215 South Cage Blvd, Pharr, Texas 78577.

PHFC Jackson Place Apartments- The entity was created with the purpose of providing moderate-income citizens with affordable housing. The apartments started operations in June 2017. All revenues generated by the Jackson Place Apartments will be used to repay the construction loan from CTL Capital LLC. The city entered on an agreement with home springs a management company and gave them authority to manage the entity. PHFC Jackson Place Apartments is considered a Discrete Component Unit based on the criteria established by GASB Statement No. 61.

C. Government-Wide and Fund Financial Statements

The government-wide financial statements include a statement of net position and a statement of activities. These statements report information on all the non-fiduciary financial information for the City and its component units. The primary government and component units are presented separately within the financial statements with a focus on the primary government. Eliminations have been made to minimize the double-counting of internal activities. Individual funds are not displayed but the statements distinguish governmental activities (generally supported by taxes and City general revenue) from business-type activities (generally financed in whole or in part with fees charged to external customers). The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements.

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Government-Wide and Fund Financial Statements. (continued)

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operations or capital requirements of a program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The fund financial statements provide reports on the financial condition and results of operations about the City's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements of the City are prepared in accordance with generally accepted accounting principles (GAAP).

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included in the statement of net position and the operating statements present increase (revenues) and decrease (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The revenues susceptible to accrual are franchise fees, licenses, charges for service, and intergovernmental revenues. Sales taxes collected and held by the state at year-end on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received.

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Fund Types and Major Funds

Governmental Funds

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed.

The City reports the following major governmental funds:

- *General Fund* – reports the primary fund of the City. This fund is used to account for all financial resources not reported in other funds.
- *PEDC Fund* – is a nonprofit industrial development corporation organized for the purpose of promoting, assisting, and enhancing economic development activities for the City.
- *Debt Service Fund* – the City accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.

Proprietary Funds

The City reports the following major enterprise funds:

- *Utility Fund* – accounts for the provision of water and sewer services to the residents of the city.
- *Pharr EMS* – accounts for the operations of the emergency medical service provided by the city.
- *TeamPharr.net* – accounts for the operations of the internet service provided by the city.
- *Bridge Fund* – accounts for the operating function of the City's international bridge with Mexico.
- *Golf Fund* – accounts for the operating function of the golf course including golf event hall, greens, pro-shop, and concessions.

Other Fund Types

Additionally, the City reports internal service funds which are used to account for the financing of goods or services provided by one department to other departments within the City on a cost-reimbursement basis. These services include fleet management and health insurance. These are proprietary funds that are reported with governmental activities in the government-wide financial statements because most of the activity is for governmental activities. Direct expenses are not eliminated from the various functional categories, whereas indirect expenses are. Reimbursements are treated as a reduction of expenses.

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources and Net Position or Equity

1. Cash and Investments

All cash collections are pooled into common pooled accounts to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash accounts has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at month-end. An individual fund's pooled cash is available upon demand and are "cash equivalents" when preparing these financial statements. All investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument can be exchanged in a current transaction between willing parties.

2. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the City in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax line attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

Taxable property includes real property and certain personal property situated in the City. Certain properties of religious, educational, and charitable organizations, including the federal government and the State of Texas, are exempt from taxation. Additionally, there are other exemptions in arriving at the total assessed valuation of taxable property.

The valuations are subject to County-wide revaluation every three years. The effective tax rate is based upon the previous year's total assessed valuation.

Allowances for uncollectible tax receivables within the General and Debt Service funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and included as part of the allowance for uncollectible; except for tax receivables over 20 years, the City is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. The city does not write off tax receivable greater than 20 years.

3. Inventories

The inventories are recorded at cost and are accounted for by the consumption method. Inventories are reflected as no spendable fund balance.

4. Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances."

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources and Net Position or Equity (Continued)

All trade and property tax receivables are shown net of an allowance for uncollectible. The three main receivables that contain allowances are property taxes, utility accounts, and warrants. For these categories, the allowance was based on historical collection rates, the allowances are 2% for property taxes as well as for utility accounts, and 20% for warrants. As of February 2017, the city recommended doing 100% allowance for warrants older than 10 years.

5. Transactions between Funds

Legally authorized transfers are treated as inter-fund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

6. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets or donated works of art are valued at their acquisition value on the donated date. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant, and equipment.

Assets capitalized have an original cost of \$5,000 or more and over three years of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	50 Years
Infrastructure	30 Years
Improvements	20 Years
Water and Sewer System	30-50 Years
Machinery and Equipment	3-15 Years

Right-to-use lease assets and SBITA assets are depreciated/amortized using the straight line method over the term of the respective agreements.

7. Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid, accumulated annual, and sick leave balances. The City's policy allows employees to accumulate unused sick leave and vacation leave based on the number of years of full-time employment with the City in accordance with the following chart:

Years of Employment	Pro-Rata Accrual Rate per Month
0-19 Years	10 hours (15 days per year)
20 & Over	13.33 hours (20 days per year)

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**F. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources and Net Position or Equity-
(continued)**

Nonexempt employees may accumulate no more than a maximum of two years allotment of vacation leave as set above, except for civil service nonexempt employees, which can accumulate more than the maximum. Sick leave may be accrued but will not be paid out to employees that leave before retirement.

8. Long-Term Obligations

In the government-wide, proprietary, and component unit financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method as the amount is immaterial against the effective interest method. Gain or loss on refunding are not netted against the liability but recorded in as deferred outflow/inflow of resources. Issuance cost is recorded as an expense for the period incurred and is no longer amortized over the life of the bond after implementing GASB Statement No. 65 and Statement No. 63. In the fund financial statements, long-term liabilities are not recorded in the governmental funds as the payment of the obligations will not be made by current financial resources. The governmental fund financial statements recognize the proceeds of debt as other financing resources.

9. Restricted Assets

The proceeds and required reserves of debt issuances are recorded as restricted assets as they are restricted for debt service and/or capital projects, payments, and/or purchases.

10. Net Position / Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available or are legally restricted by outside parties for use for a specific purpose.

11. Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires the use of estimates by management. All estimates are made utilizing a conservative philosophy for both revenues and expenditures.

12. General Fund's Fund Balance Policy

GASB No. 54 establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources; it also provides for two major types of fund balances which are non-spendable and spendable.

Non-spendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, non-current advances to other funds that are not expected to be collected in the next fiscal year, and the principal (corpus) of an endowment fund. The city has inventories that are considered non-spendable. The City does not have any material prepaid items or non-spendable funds related to an endowment.

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources and Net Position or Equity-
(Continued)

In addition to non-spendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

-Restricted: Fund balances that are constrained by external parties, constitutional provisions, or enabling legislation. All the City's restricted funds are from Special Revenue Funds, whose funds are revenues legally restricted to expenditures for a particular purpose.

-Committed: Fund balances that contain self-imposed constraints of the government from its highest level of decision-making authority. The responsibility to commit funds rests with the elected City Commissioners and Mayor through an approved resolution. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action.

-Assigned: Fund balances that contain self-imposed constraints of the government to be used for a purpose. The responsibility to assign funds rests with the City Manager.

-Unassigned: Fund balance of the general fund that is not constrained for any purpose. This is also where negative amounts from the other categories of fund balance are recognized.

When an expense is incurred for purposes for which both restricted and unrestricted net positions are available, the City typically first applies restricted resources, as appropriate opportunities arise, but reserves the right to selectively defer the use thereof to a future project or replacement equipment acquisition. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to having been spent first out of committed, the assigned, then unassigned funds.

13. Pensions

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS) and the Texas Emergency Services Retirement System (TESRS) and additions to/deductions from TMRS's and TESRS's fiduciary net position have been determined on the same basis as they are reported by TMRS and TESRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

14. Other Postemployment Benefits

The City participates in a defined benefit group-term life insurance plan administered by TMRS known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. Benefit payments are treated as being equal to the employer's yearly contributions for retirees. Benefit payments and refunds are due and payable in accordance with the benefit terms. Information about the City's total OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense is provided by TMRS from reports prepared by their consulting actuary.

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

F. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources and Net Position or Equity-
(Continued)

15. Leases

Leases are defined by GASB No. 87 as a contract that conveys control of the right to use another entity's non-financial assets as specified in the contract for a period in an exchange or exchange-like transaction.

- City as Lessor

The city should recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term. The lease receivable should be measured at the present value of lease payments expected to be received during the lease term.

- City as a lessee

The city recognizes lease liability and an intangible right-to-use lease asset at the beginning of a lease. In general, the lease liability and the right-to-use lease assets are measured based on the present value of the expected payments during the term of the lease.

16. Subscription-Based Information Technology Arrangements (SBITA)

The City implemented GASB 96 for reporting subscription-based information technology arrangements (SBITAs) during this reporting period. A SBITA is defined as a contract that conveys control over another entity's IT software as specified in the contract for a period of time in an exchange or exchange-like transaction. To be accounted for as a SBITA, it must meet the definition of a "long-term" SBITA provided in GASB 96. The right-to-use SBITA liability is reported in the government-wide statements. The SBITA liability is calculated as the present value of the reasonably certain expected payments made over the term of the contract and the interest included in the SBITA payments is recorded as an expense.

17. Change in Accounting Principle

GASB Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*, was adopted effective July 1, 2023. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Data

1. Budget Policy and Practice

The City follows the procedures outlined below in establishing budgetary data reflected in the financial statements:

Annual budgets are legally adopted for all City funds with revenue and expense/expenditure activity. The City Charter states that between sixty (60) and ninety (90) days prior to the end of the fiscal year, the City Manager is required to submit to the Board of Commissioners a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes the proposed expenditures/expenses and the proposed method to finance them.

Dates for public hearings, the purpose of which is to obtain taxpayers' comments, are set by the Board of Commissioners at the time the budget is submitted to that body. The Board of Commissioners may add to, subtract from, or change appropriations, but may not change the form of the proposed budget.

Any changes must be within the revenue and reserves estimated as available by the City Manager. Prior to September 25 of each year, the budget is legally enacted through the passage of an ordinance.

The appropriate budget is prepared by fund, function, and department. The City's department heads may make transfers of appropriations between/within a department in the same fund with the City Manager's approval. Transfers of appropriations between funds require the approval of the Board of Commissioners. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level.

At any time during the fiscal year, the City Manager can reallocate expenditures within a fund without the approval of the Board of Commissioners. However, any revisions to the budget which increase the total budgeted expenditures/expenses within any fund must be approved by the Board of Commissioners.

B. Excess of General Fund Expenditures over Appropriations

During the year ended September 30, 2024, expenditures exceeded appropriations as follows:

Department	Expenditures Over Appropriations
Highway and Streets	\$ (38,015)
Health and Welfare	(3,170,798)
Culture and Recreation	(269,002)
Economic Development	(1,063,417)
Debt Service	
Principal on Debt	(1,494,553)
Interest on Debt	(134,014)
	(5,766)

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

C. Budget Basis of Accounting

The city prepares its annual budget on a basis (budget basis, which slightly differs from generally accepted accounting principles (GAAP Basis). The budget and all transactions are presented in accordance with the City's method (budget basis) in the Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund to provide a meaningful comparison of actual results with the budget. The major differences between budget and GAAP basis are debt service transactions, capital outlay purchases, and the recording of bond/loan proceeds.

D. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures", violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

Violation
None

Action Taken
Not applicable

E. Deficit Fund Equity/Net Position

At September 30, 2024, the following Funds had deficit fund balances: Grants fund had a deficit fund balance of (\$9,596), Covid Relief Fund had a deficit fund balance of (\$223,857), General Capital Improvements Fund had a deficit fund balance of (\$630,898), Pharr Housing Finance Corp Fund had a deficit fund balance of (\$888,046), and the Health Insurance Fund had a deficit fund balance of (\$613,964). The discretely presented component unit PHFC- Jackson Place Apartments shows a deficit in net position of (\$6,527,130).

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS

A. Deposits and Investments

1. Deposits

The city's funds are required to be deposited and invested under the terms of a depository contract and investment policy pursuant to state statute. The depository bank deposits for safekeeping and trust with its agent approved pledged securities authorized by Chapter 2257 Collateral for Public Funds of the Government Code in an amount enough to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

At September 30, 2024 the carrying amount of the City's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$151,494,764 and the bank balance was \$153,710,702. The City's cash deposits at September 30, 2024 and during the period ended September 30, 2024, were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name.

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City has a policy of maintaining contact with the trust department of its depository agency to eliminate all custodial credit risk. As of September 30, 2024, the City's bank balance was not exposed to custodial credit risk and was over-insured and over-collateralized.

In addition, the following is disclosed regarding coverage of combined balances on the date of the highest deposit:

- a. Depository: LSNB and Texas Regional Bank
- b. The market value of securities pledged as of the date of the highest combined balance on deposit was \$117,821,913.
- c. The highest combined balances of cash accounts amounted to \$126,000,156 and occurred during October 2023.
- d. The total amount of FDIC coverage at the time of the largest combined balance was \$250,000 during September 2024.

Restricted cash is defined as the cash balances restricted by the funder for a specific purpose. Total restricted cash at the end of September 30, 2024, amounted to \$61,394,101 with \$2,866,923 that is classified as cash with fiscal agent, which was covered by collateral held in the fiscal agents' trust departments, but not in the city's name. The balance on Texas Regional Bank under the City's name but has Texas water development board as escrow agent. The rest are bond proceeds under the city's name. The trust department pledges a pool of collateral against all trust deposits it holds. Bank of America leasing company, U.S. Bank corporation are the city's fiscal agents.

2. Investments

The city is required by Government Code Chapter 2256, The Public Funds Investment Act ("Act"), to adopt, implement, and publicize an investment policy. That policy must be written, primarily emphasize the safety of principal and liquidity, address investment diversification, yield, and maturity and the quality and capability of investment management and include a list of the types of authorized investments in which the investing entity's funds may be invested, and the maximum allowable stated maturity of any individual investment owned by the entity.

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS (Continued)

A. Deposits and Investments (Continued)

2. Investments (Continued)

The Act requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the general purposes financial statements disclosed that in the areas of investment practices, management reports and establish appropriate policies. The city adheres to the requirements of the Act. Additionally, investment practices of the City are in accordance with local policies.

Analysis of Specific Deposit and Investment Risks:

GASB Statement No. 40 requires a determination as to whether the city was exposed to the following specific investment risks at year-end and if so, the reporting of certain related disclosures:

- a. Interest Rate Risk
This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year-end, the city was not exposed to interest rate risk. The City's investment policy states that no investment shall exceed 24 months in maturity. By limiting the exposure of its investments, the city reduces its risk to the rising or decreasing interest rates.
- b. Credit Risk
Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized agencies are designed to give an indication of credit risk. At year-end, the city was not exposed to credit risk.
- c. Custodial Credit Risk
Deposits and investments are exposed to custodial credit risk if they are not covered by depository insurance and the deposits and investments are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name. At year end, the city was not exposed to custodial credit risk.
- d. Concentration of Credit Risk
This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the city was exposed to concentration of credit risk, but highly collateralized. With the City's investment policy, diversification is stressed.

The city followed its diversification investment guidelines. In prior years, all deposits were placed into LSNB due to a previous depository agreement given a rate of return of 2%, now with a renewed agreement, rates are lower, and diversification is even needed more. The City invested in TexPool a portion of its contingency fund as of May 2016 of last year and has accrued interest since then.
- e. Foreign Currency Risk
This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the city was not exposed to foreign currency risk.

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS (Continued)

A. Deposits and Investments (Continued)

2. Investments (Continued)

The City of Pharr, Texas has no Investment activity as of September 30, 2024.

GASB No. 79 requires additional note disclosure requirements for qualifying external investment pools that measure all their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. TexPool revised its Investment Policy to comply with GASB No. 79 as of August 2017 which includes the use of amortized cost to value portfolio assets and the following guidelines to maintain the portfolio consistent with a stable net asset value per share:

- The maximum remaining maturity of any security of other investment acquired for the portfolio shall be 397 calendar days or less.
- The portfolio should maintain a weighted average maturity of 60 days or less.
- The portfolio should maintain a weighted average life of 120 days or less.

B. Receivables

1. Receivables for the City on September 30, 2024, were as follows:

Description	Governmental Activities			Business-Type Activities					Total Business-Type
	General	Other	Total	Utility	Fiber	LMS	Bridge	Golf	
Property Tax	\$ 2,818,491	\$ 2,829,797	\$ 5,648,288	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Warrants	8,225,119	-	8,225,119	-	-	-	-	-	-
Sales Tax	3,660,606	1,220,202	4,880,808	-	-	-	-	-	-
Accounts	1,185,247	1,356,485	2,541,732	4,244,216	3,986,107	9,599,409	925,399	12,246	18,767,377
Other	-	1,334,712	1,334,712	-	-	-	-	-	-
Gross Receivables	15,889,463	6,741,196	22,630,659	4,244,216	3,986,107	9,599,409	925,399	12,246	18,767,377
Less: Allowance for Uncollectible	(7,000,380)	(331,666)	(7,332,046)	(1,893,389)	-	(6,985,226)	-	-	(8,878,615)
Total Receivables, Net	\$ 8,889,083	\$ 6,409,530	\$ 15,298,613	\$ 2,350,827	\$ 3,986,107	\$ 2,614,183	\$ 925,399	\$ 12,246	\$ 9,888,762

2. Notes Receivable for the Pharr Economic Development Corporation as of September 30, 2024, were as follows:

Description	Outstanding Balance as of 10/01/2023	Increase	Decrease	Outstanding Balance as of 9/30/2024
Reyes Garza, 05/13/2012, for the amount of \$27,022 at an interest rate of 6.00% with maturity on April 13, 2027.	\$ 1,160,214	\$ -	\$ (115,218)	\$ 1,044,996
Trancasa, 02/15/18, for the amount of \$600,000 at an Interest rate of 6.00% with maturity on March 15, 2026.	374,393	-	(141,965)	232,428
Total Notes Receivable	\$ 1,534,607	\$ 57,289	\$ (257,183)	\$ 1,334,712

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS (Continued)

B. Receivables (Continued)

3. Leases Receivable for the Business-Type Activities as of September 30, 2024, were as follows:

Description	Cost	Accumulated Depreciation	Book Value
Cold Storage	\$ 1,058,726	\$ 541,363	\$ 517,363
UETA	30,712	(24,863)	5,849
TABC	2,424,536	(2,271,751)	152,785
Total Leases Receivable, Net	<u>\$ 3,513,974</u>	<u>\$ (1,755,251)</u>	<u>\$ 675,997</u>

C. Payables

Payables for the City on September 30, 2024, were as follows:

Description	Governmental Activities	Business-Type Activities					Total Business- Type	Total
	Governmental	Utility	FMS	TeamPharr.Net	Bridge	Golf	Type	
Vendors	\$ 7,515,054	\$ 656,550	\$ 177,608	\$ 300,316	\$ 4,502,458	\$ 12,555	\$ 5,649,487	\$ 13,164,541
Salaries & Benefits	-	404,050	91,224	3,050	76,821	23,598	598,743	598,743
Accrued Liabilities	1,142,107	162,182	-	-	588,644	-	750,826	1,892,933
Customer Deposits	-	767,608	-	-	-	-	767,608	767,608
Total Payables	<u>\$ 8,657,161</u>	<u>\$ 1,990,390</u>	<u>\$ 268,832</u>	<u>\$ 303,366</u>	<u>\$ 5,167,923</u>	<u>\$ 36,153</u>	<u>\$ 7,766,664</u>	<u>\$ 16,423,825</u>

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS (Continued)

D. Interfund Balances

The City reports interfund balances between many of its funds. The total of all balances agrees with the sum of interfund balances presented in the statements of net position/balance sheets for governmental and enterprise funds. The interfund balances are operational and short-term in nature. Interfund balances on September 30, 2024, consisted of the following:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund:		
CDBG	\$ 95,475	\$ -
Grant Fund	13,388	-
Utility	3,872,355	-
Fiber Optic	1,694,856	-
PEDC	202,771	-
EMS	337,305	-
City Garage	5,014	-
Bridge	55,863	-
PHFC	877,467	-
TIRZ #1	-	-
TIRZ #2	538,061	-
Golf	27,737	-
Asset Sharing	-	31,706
Chamber	-	-
Total General Fund	<u>7,720,292</u>	<u>31,706</u>
PEDC Fund:		
General Fund	<u>-</u>	<u>202,771</u>
Total PEDC Fund	<u>-</u>	<u>202,771</u>
Asset Sharing Fund:		
General Fund	<u>177,343</u>	<u>-</u>
Total Asset Sharing Fund	<u>177,343</u>	<u>-</u>
Grants Fund:		
General Fund	<u>-</u>	<u>13,388</u>
Asset Sharing Fund	<u>-</u>	<u>145,637</u>
Total Grants Fund	<u>-</u>	<u>159,025</u>
TIRS No. 2		
General Fund	<u>-</u>	<u>538,061</u>
Total TIRS No. 2	<u>-</u>	<u>538,061</u>
PHFC Fund:		
General Fund	<u>-</u>	<u>877,466</u>
Total PHFC Fund	<u>-</u>	<u>877,466</u>
CDBG Fund:		
General Fund	<u>-</u>	<u>95,475</u>
Total CDBG Fund	<u>-</u>	<u>95,475</u>
City Garage Fund (Internal Service):		
General Fund	<u>-</u>	<u>5,015</u>
Total City Garage Fund:	<u>-</u>	<u>5,015</u>
Total Interfund Balances, Governmental Funds	<u>\$ 7,897,636</u>	<u>\$ 1,909,519</u>

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS (Continued)

D. Interfund Balances (Continued)

The City's business-type activities as of September 30, 2024, are as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Utility Fund:		
General Fund	\$ -	\$ 3,872,355
Debt Service	-	-
Total Utility Fund	<u>-</u>	<u>3,872,355</u>
EMS Fund:		
General Fund	<u>-</u>	<u>337,305</u>
Total EMS Fund	-	<u>337,305</u>
TeamPharr.Net Fund		
General Fund	<u>-</u>	<u>1,694,856</u>
Total TeamPharr.Net Fund	-	<u>1,694,856</u>
Toll Bridge Fund:		
General Fund	<u>-</u>	<u>55,863</u>
Total Toll Bridge Fund	-	<u>55,863</u>
Golf Course Fund:		
General Fund	<u>-</u>	<u>27,736</u>
Total Golf Course Fund	-	<u>27,736</u>
Total Interfund Balances, Business-Type Activities	<u>\$ -</u>	<u>\$ 5,988,115</u>

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS (Continued)

F. Capital Assets

Capital asset activity for the City's governmental activities for the year ended September 30, 2024, was as follows:

	Beginning Balance October 1, 2023	Additions	Adjustments/ Deletions	Ending Balance September 30, 2024
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	\$ 22,419,822	\$ 4,616,333	\$ -	\$ 27,036,155
Construction in Progress	77,502,240	14,960,071	(973,578)	91,488,733
Total Capital assets, not being depreciated	<u>99,922,062</u>	<u>19,576,404</u>	<u>(973,578)</u>	<u>118,524,888</u>
Capital Asset being depreciated:				
Buildings	83,590,529	-	(694,000)	82,896,529
Infrastructure	92,213,993	-	-	92,213,993
Improvements Other Than Building	70,276,622	266,370	973,578	71,516,570
Machinery and Equipment	37,697,128	2,281,810	-	39,978,938
Right-to-use Lease assets, Equipment	4,980,931	-	-	4,980,931
Right-to-use Subscription Assets	230,114	-	-	230,114
Total capital assets, being depreciated	<u>288,989,316</u>	<u>2,548,180</u>	<u>279,578</u>	<u>291,817,074</u>
Less accumulated depreciation for:				
Buildings	(19,409,801)	(1,640,898)	874,563	(20,176,136)
Infrastructure	(65,346,479)	(1,700,548)	177,340	(66,869,687)
Improvements Other Than Building	(14,208,704)	(3,404,747)	62,736	(17,550,715)
Machinery and Equipment	(29,887,092)	(1,922,684)	(131,808)	(31,941,584)
Right-to-use Lease assets, Equipment	(88,779)	(83,292)	-	(172,071)
Right-to-use Subscription Assets	(1,581,858)	(1,423,648)	66,927	(2,938,579)
Total accumulated depreciation	<u>(130,522,713)</u>	<u>(10,175,817)</u>	<u>1,049,758</u>	<u>(139,648,772)</u>
Total capital assets being depreciated, net	158,466,603	(7,627,637)	1,329,336	152,168,302
Governmental activities capital assets, net	<u>\$ 258,388,665</u>	<u>\$ 11,948,767</u>	<u>\$ 355,758</u>	<u>\$ 270,693,190</u>

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS (Continued)

F. Capital Assets (Continued)

Capital asset activity for the City's business-type activities for the year ended September 30, 2024, was as follows:

	Beginning Balance October 1, 2023	Additions	Adjustments/ Deletions	Ending Balance September 30, 2024
Business-Type Activities:				
Capital Assets, not being depreciated:				
Land (including Water Rights)	\$ 14,647,338	\$ -	\$ -	\$ 14,647,338
Construction in Progress	31,617,800	9,906,445	(10,964,103)	30,560,142
Total Capital assets, not being depreciated	<u>46,265,138</u>	<u>9,906,445</u>	<u>(10,964,103)</u>	<u>45,207,480</u>
Capital Asset being depreciated:				
Buildings	34,748,600	-	-	34,748,600
Infrastructure	160,534,287	10,964,103	-	171,498,390
Improvements Other Than Building	16,872,497	273,412	-	17,145,909
Machinery and Equipment	30,008,687	459,005	-	30,467,692
Right-to-use Lease assets, Equipment	4,254,228	27,149	383,536	4,664,913
Right-to-use Subscription Assets	-	-	-	-
Total capital assets, being depreciated	<u>246,418,298</u>	<u>11,723,669</u>	<u>383,536</u>	<u>258,525,503</u>
Less accumulated depreciation for:				
Buildings	(21,267,148)	(754,036)	(12,438)	(22,033,622)
Infrastructure	(66,298,893)	(4,930,545)	(258,965)	(71,488,403)
Improvements Other Than Building	(6,731,446)	(1,087,949)	(39,292)	(7,858,687)
Machinery and Equipment	(23,473,380)	(1,913,930)	4,082,546	(21,304,764)
Right-to-use Lease assets, Equipment	(1,006,758)	(321,394)	(332,660)	(1,660,812)
Right-to-use Subscription Assets	-	-	-	-
Total accumulated depreciation	<u>(118,777,625)</u>	<u>(9,007,854)</u>	<u>3,439,191</u>	<u>(124,346,288)</u>
Total capital assets being depreciated, net	<u>127,640,673</u>	<u>2,715,815</u>	<u>3,822,727</u>	<u>134,179,215</u>
Business-Type activities capital assets, net	<u>\$ 173,905,811</u>	<u>\$ 12,622,260</u>	<u>\$ (7,141,376)</u>	<u>\$ 179,386,695</u>

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS (Continued)

F. Capital Assets (Continued)

Capital asset activity for the City's discretely presented component unit activities for the year ended September 30, 2024, was as follows:

	Beginning Balance October 1, 2023	Additions	Adjustments/ Deletions	Ending Balance September 30, 2024
Component Unit - Discretely Presented Chamber				
Capital Asset being depreciated:				
Machinery and Equipment	\$ 35,848	\$ -	\$ -	35,848
Total capital assets, being depreciated	<u>35,848</u>	<u>-</u>	<u>-</u>	<u>35,848</u>
Less accumulated depreciation for:				
Machinery and Equipment	(26,887)	(7,350)	-	(34,237)
Total accumulated depreciation	<u>(26,887)</u>	<u>(7,350)</u>	<u>-</u>	<u>(34,237)</u>
Total capital assets being depreciated, net	8,961	(7,350)	-	1,611
Component Unit, capital assets, net	<u>\$ 8,961</u>	<u>\$ (7,350)</u>	<u>\$ -</u>	<u>\$ 1,611</u>

	Beginning Balance October 1, 2023	Additions	Adjustments/ Deletions	Ending Balance September 30, 2024
Component Unit - Discretely Presented JPA				
Capital Assets, not being depreciated:				
Land	\$ 1,500,000	\$ -	\$ -	\$ 1,500,000
Total Capital assets, not being depreciated	<u>1,500,000</u>	<u>-</u>	<u>-</u>	<u>1,500,000</u>
Capital Asset being depreciated:				
Buildings	26,502,558	-	-	26,502,558
Machinery and Equipment	153,683	-	-	153,683
Total capital assets, being depreciated	<u>26,656,241</u>	<u>-</u>	<u>-</u>	<u>26,656,241</u>
Less accumulated depreciation for:				
Buildings	(2,944,729)	(590,559)	-	(3,535,288)
Machinery and Equipment	(153,683)	-	-	(153,683)
Total accumulated depreciation	<u>(3,098,412)</u>	<u>(590,559)</u>	<u>-</u>	<u>(3,688,971)</u>
Total capital assets being depreciated, net	23,557,829	(590,559)	-	22,967,270
Component Unit, capital assets, net	<u>\$ 25,057,829</u>	<u>\$ (590,559)</u>	<u>\$ -</u>	<u>\$ 24,467,270</u>

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS (Continued)

G. Long-Term Obligations

The following schedule summarizes the changes in long-term obligations during the year ended September 30, 2024:

	Balance 10/1/2023	Restated 10/1/2023	Adjustment/ Increase	Adjustment/ Decrease	Balance 9/30/2024	Due in One Year
Governmental Activities						
Certificates of Obligation	\$ 115,540,000	\$ 115,540,000	\$ -	\$ (3,315,000)	\$ 112,225,000	\$ 3,445,500
CDBG Section 108 Note Payable	2,360,000	2,360,000	-	(295,000)	2,065,000	295,000
Tax Notes Payable	16,582,497	16,582,497	-	(3,107,708)	13,474,789	2,284,885
Unamortized Premium/(Discount)	3,510,367	3,510,367	-	(247,785)	3,262,582	247,785
Capital Equipment Loans/Leases	4,579,721	4,579,721	6,060,796	(2,650,116)	7,990,401	2,808,307
Accrued Compensated Balances	5,607,589	5,607,589	5,856,308	(5,607,588)	5,856,309	1,464,077
Accrued Compensated Balances PEDC	121,377	121,377	177,006	(121,377)	177,006	44,251
Net Pension Liability - TMRS	22,375,945	22,375,945	-	(2,740,183)	19,635,762	-
Net Pension Liability - TERS	-	-	760,214	-	760,214	-
Other Post Employment Benefits	1,035,705	1,035,705	112,341	-	1,148,046	-
Total Governmental Activities	171,713,201	171,713,201	12,966,666	(18,084,757)	166,595,110	10,589,805
Business-Type Activities						
Revenue Bonds Payable	106,119,000	106,119,000	-	(3,692,000)	102,427,000	4,389,000
Refunding Revenue Bonds Payable	8,035,000	8,035,000	-	(1,865,000)	6,170,000	1,955,000
Unamortized Premium/(Discount)	12,037,579	12,037,579	-	(842,416)	11,195,163	970,605
Financing Arrangements	6,133,575	6,133,575	1,855,417	(1,448,636)	6,540,356	1,276,396
Accrued Compensated Absences	724,193	724,193	582,271	(707,721)	598,743	-
Net Pension Liability	5,103,358	5,103,358	-	(704,668)	4,398,690	-
Other Post Employment Benefits	236,217	236,217	20,963	-	257,180	-
Total Business-Type Activities	\$ 138,388,922	\$ 138,388,922	\$ 2,458,651	\$ (9,260,441)	\$ 131,587,132	\$ 8,591,001

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS (Continued)

G. Long-Term Obligations (Continued)

The following schedule summarizes the changes in Component Unit Activities' long-term obligations during the year ended September 30, 2024:

	Balance 10/1/2023	Increase	Decrease	Balance 9/30/2024	Due in One Year
Component Unit Activities					
Notes Payable	\$ 30,819,207	-	(762,982)	30,056,225	\$ 801,059

Long-term bonded and revenue supported obligations outstanding on September 30, 2024, is comprised of the following:

Governmental Activities	Series	Original Issuance	Payment Installments	Interest Rates	Installments	Maturity Date	Current Balance
<i>Bonds Payable</i>							
2012 Certificate of Obligation	2012	\$ 7,625,000	Annual	0.60% - 4.58%	295,000 - 535,000	8/15/2032	\$ 2,630,000
2016 Certificate of Obligation	2016	14,290,000	Annual	1.13% - 3.60%	190,000 - 1,035,000	2/15/2036	11,360,000
2017 Certificate of Obligation	2017	17,240,000	Annual	1.45% - 2.79%	355,000 - 2,640,000	8/15/2031	11,800,000
2018 Certificate of Obligation	2018	16,440,000	Annual	2.08% - 3.52%	70,000 - 1,440,000	8/15/2038	13,170,000
2020 Certificate of Obligation	2020	2,500,000	Annual	3.00%	890,000 - 2,625,000	8/15/2039	18,650,000
2021 Certificate of Obligation	2021	54,615,000	Annual	4.50% - 4.06%	1,645,000 - 3,740,000	8/15/2046	54,615,000
<i>Tax Notes Payable</i>							
2017 LSNB Tax Note	2017	7,300,000	Monthly	4.25%	941,000 - 1,167,000	12/1/2024	299,789
2023 LSNB Tax Note	2023	15,115,000	Annual	4.00%	1,940,000 - 2,415,000	8/15/2030	13,175,000
<i>Notes Payable</i>							
2017 HUD Section 108 Loan	2017	\$ 5,600,000	Annual	1.28% - 1.73%	294,000 - 295,000	8/15/2031	\$ 2,065,000
Business-Type Activities							
<i>Bonds Payable</i>							
Revenue Bonds - DWSR	2007A	\$ 13,310,000	Annual	2.35% - 3.50%	380,000 - 1,075,000	9/1/2027	\$ 3,135,000
Revenue Bonds - NADBANK	2007B	10,000,000	Annual	3.75%	385,000 - 685,000	9/1/2027	1,990,000
Revenue Bonds - DWSR	2013	8,725,000	Annual	0% - 2.71%	255,000 - 400,000	9/1/2042	5,900,000
Revenue Bonds - DWSR	2015	1,762,000	Annual	0.59% - 4.10%	72,000 - 117,000	9/1/2035	1,083,000
Revenue Bonds - CWSR	2020A	18,150,000	Annual	0.03% - 0.22%	115,000 - 780,000	9/1/2049	17,390,000
Revenue Bonds - CWSR	2020B	13,880,000	Annual	0.04% - 0.32%	115,000 - 590,000	9/1/2049	13,115,000
Revenue Bonds - CT&IBR	2021	37,425,000	Annual	3.00% - 5.00%	1,395,000 - 2,850,000	8/15/2041	36,030,000
Revenue Bonds - CT&WR	2021	3,157,000	Annual	0.00%	105,000 - 106,000	8/15/2051	2,839,000
Revenue Bonds - CT&IBR	2021	20,945,000	Annual	2.00% - 2.80%	580,000 - 1,355,000	8/15/2046	20,945,000
<i>Other Long-Term Obligations</i>							
2017 Refunding Bond	2017	\$ 18,000,000	Annual	3.29% - 3.62%	1,220,000 - 2,160,000	8/15/2028	\$ 6,170,000

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS (Continued)

G. Long-Term Obligations (Continued)

Long-term bonded and revenue supported obligations outstanding for Component Unit Activities on September 30, 2024, is comprised of the following:

Component Activities	Original Issuance	Payment Installments	Interest Rates	Installments	Maturity Date	Current Balance
<i>Notes Payable</i>						
CTL Capital	\$ 34,600,000	Monthly	4.88%	187,504	5/14/20246	\$ 30,056,225

1. Bonds Payable

Debt service requirements of bonds payable on September 30, 2024, are as follows:

Year Ending September 30,	Governmental Activities		Business-Type Activities		Total Requirements	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 3,445,000	\$ 2,314,516	\$ 6,344,000	\$ 2,980,801	\$ 9,789,000	\$ 5,295,317
2026	3,575,000	2,180,329	6,587,000	2,735,617	10,162,000	4,915,946
2027	3,725,000	2,032,741	6,829,000	2,478,689	10,554,000	4,511,430
2028	3,890,000	1,878,065	4,156,000	2,194,629	8,046,000	4,072,694
Thereafter	42,975,000	9,913,594	84,681,000	18,569,185	127,656,000	28,482,779
Total	\$ 57,610,000	\$ 18,319,245	\$ 108,597,000	\$ 28,958,921	\$ 166,207,000	\$ 47,278,166

2. Tax Notes Payable

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2025	\$ 2,284,885	\$ 529,150
2026	2,065,000	447,600
2027	2,150,000	365,000
2028	2,235,000	279,000
2029-2030	4,740,000	286,200
Total	\$ 13,474,885	\$ 1,906,950

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS (Continued)

G. Long-Term Obligations (Continued)

3. Capital Equipment Loans Payable

Capital leases payable on September 30, 2024, is comprised of the following issues:

Description	Governmental	Business-Type	Total
\$2,685,000 lease payable, due in annual installments of \$325,947 including interest, through January 2026 at 3.69% LED Lighting Project Citywide.	\$ 617,509	\$ -	\$ 617,509
\$979,455 lease payable, due in semi annual installments of \$55,045 including interest, through May 1, 2026; interest at 2.28%. All funds used to purchase Fire Truck and Equipment	214,045	-	214,045
\$2,897,100 lease payable, due in quarterly installments of \$113,435 including interest, through October 15, 2024; interest 2.78%. All funds used to purchase city vehicles, public utilities, equipment, bridge office expansion and golf house renovations.	17,031	95,620	112,651
\$955,000 lease payable, due in quarterly installments of \$27,489 including interest, through October 15, 2027; interest 2.97%. All funds used for citywide air conditioning repairs, fire equipment and irrigation repairs for the golf course.	293,208	46,201	339,409
\$4,262,100 lease payable, due in monthly installments of \$58,945 including interest, through February 1, 2031; interest 4.46%. All funds used to purchase genral fund equipment and utility fund equipment.	2,261,690	1,679,092	3,940,782
\$138,000 lease payable, due in quarterly installments of \$5,462 including interest, through October 31, 2024; interest 3.12%. All funds used to purchase general fund equipment and golf course equipment.	23,786	2,901	26,687

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS (Continued)

G. Long-Term Obligations (Continued)

\$1,788,000 lease payable, due in quarterly installments of \$70,435 including interest, through November 23, 2030; interest 1.385%. All funds used to purchase general fund equipment .

892,534 - 892,534

\$4,156,000 lease payable, due in quarterly installments of \$157,372 including interest, through November 01, 2028; interest 1.756%. All funds used to purchase general fund equipment and utility fund equipment.

995,327 1,481,110 2,476,437

\$620,000 lease payable, due in quarterly installments of \$104,907 including interest, through December 30, 2029; interest 4.20%. All funds used to purchase general fund equipment and utility fund equipment.

477,129 - 477,129

Right to Use lease payables, due in monthly installments at various rates, including interest, through December 30, 2029; various interest rates. All funds used to lease general fund equipment and utility fund equipment.

2,198,142 3,235,433 5,433,575

\$ 7,990,401	\$ 6,540,356	\$ 14,530,757
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3. Financing Arrangement/Right-to-use leases Payable

Assets purchased with the lease funds are included in the City's capital assets and depreciation expense. Debt service requirements on September 30, 2024, are as follows:

Year Ending September 30,	Governmental Activities		Business-Type Activities		Total Requirements	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 2,725,042	\$ 234,465	\$ 1,276,397	\$ 221,965	\$ 4,001,439	\$ 456,430
2026	1,891,544	147,317	1,067,193	184,975	2,958,736	332,292
2027	932,768	96,092	1,050,404	150,273	1,983,173	246,365
2028	856,137	67,780	1,074,025	115,427	1,930,162	183,206
Thereafter	1,584,910	62,461	2,072,336	151,184	3,657,246	213,644
Total	\$ 7,990,401	\$ 608,114	\$ 6,540,356	\$ 823,824	\$ 14,530,757	\$ 1,431,939

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS (Continued)

G. Long-Term Obligations (Continued)

4. Notes Payable

Long-term notes payable outstanding on September 30, 2024, is comprised of the following:

Governmental Activities	Series	Original Issuance	Payment Installments	Interest Rates	Installments	Maturity Date	Current Balance
<i>Notes Payable</i>							
2017 HUD Section 108 Loan	2017	\$ 5,600,000	Annual	1.28% - 1.73%	294,000 - 295,000	8/15/2031	\$ 2,065,000

Debt service requirements of the City's governmental activities notes payable on September 30, 2024, are as follows:

Year Ending September 30,	Governmental Activities	
	Principal	Interest
2025	\$ 295,000	\$ 66,346
2026	295,000	57,466
2027	295,000	48,351
2028	295,000	39,206
2029-2031	885,000	60,062
Total	<u>\$ 2,065,000</u>	<u>\$ 271,430</u>

6. Debt Disclosure and Currently Defeased Debt

None.

7. Accrued Compensated Absences

Accrued compensated absences (vested sick and vacation leave) are granted to city employees. In the event of termination, an employee is paid for all accumulated, unused vacation. The City's accrued compensated absences as of September 30, 2024, are reflected in the long-term obligations schedule.

8. Arbitrage

The City has issued long-term debt for capital construction projects. These bonds are subject to arbitrage regulations. Arbitrage regulations call for the return of the difference in interest revenue against interest expense. On September 30, 2024, there was no liability of arbitrage that would have been owed to the federal government.

9. Line of Credit

The City's PEDC has a secured revolving line of credit with Lone Star National Bank up to \$5,000,000. The principal is payable on demand and interest is paid monthly at a rate of 3.75%. The line of credit is collateralized by securities. The balance due for the line of credit as of September 30, 2024, is \$1,179,150.

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS (Continued)

H. Interfund Transfers

The City reports interfund transfers between many of its funds. Interfund transfers for the year ended September 30, 2024, consisted of the following:

Governmental Activities:	Transfers In	Transfers Out
General Fund:		
Hotel	\$ 300,000	\$ -
General Fund	4,000,000	4,000,000
Capital Projects	-	3,690,431
Parkland	218,000	
Business-Type	-	1,466,062
Bridge	9,983,500	-
Debt Service	-	326,000
Health Insurance Fund	-	362
PEDC	1,650,000	249,346
Total General Fund	16,151,500	9,732,201
Capital Projects Fund:		
General Fund	3,690,431	-
Hotel	231,600	-
Paving & Drainage	827,500	-
Debt Service	1,908,601	-
Total Capital Projects Fund	6,658,132	-
Debt Service Fund:		
General Fund	326,000	-
Bridge	1,284,100	-
Capital Projects	-	1,908,601
Business-Type	-	1,784,000
PEDC	510,500	-
Total Debt Service Fund	2,120,600	3,692,601

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS (Continued)

H. Interfund Transfers (Continued)

Hotel/Motel Fund

General Fund	-	300,000
Capital Projects	-	231,600
Total Hotel/Motel Fund	-	531,600

Paving & Drainage Fund:

General Fund	-	218,000
Capital Projects	-	827,500
Total Paving & Drainage Fund	-	1,045,500

PEDC

General Fund	249,346	1,650,000
Debt Service	-	510,500
Capital Projects	-	-
Total PEDC	249,346	2,160,500

Governmental - Total Interfund

Transfers	<u>\$ 25,179,578</u>	<u>\$ 17,162,402</u>
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Component Unit Transfers

Governmental Activities:	Transfers In	Transfers Out
General Fund:		
Hotel	\$ -	\$ 68,400
PEDC	-	150,000
Total General Fund	-	218,400
Component Unit:		
Pharr Chamber of Commerce:		
Hotel	68,400	-
PEDC	150,000	-
Total Pharr Chamber of Commerce	218,400	-
Total Component Unit		
Transfers	<u>\$ 218,400</u>	<u>\$ 218,400</u>

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

III. DETAILED NOTES ON FUNDS AND COMPONENT UNITS (Continued)

H. Interfund Transfers (Continued)

Enterprise Funds:

Business-Type Activities	Transfers In	Transfers Out
Toll Bridge Fund:		
Debt Service	\$ -	\$ 1,284,100
General Fund	-	9,983,500
EMS	-	989,700
Bridge	13,797,902	13,797,902
Total Toll Bridge Fund	13,797,902	26,055,202
Utility Fund:		
General Fund	-	-
Debt Service	1,784,000	-
Total Utility Fund	1,784,000	-
EMS Fund:		
Toll Bridge	989,700	-
General Fund	214,704	-
Total EMS Fund	1,204,404	-
TeamPharr.Net Fund		
General Fund	799,205	-
Total TeamPharr.Net Fund	799,205	-
Golf Course Fund:		
General Fund	452,154	-
Total Golf Course Fund	452,154	-
Health Insurance Fund		
General Fund	362	-
Total Health Insurance Fund:	362	-
Business-Type - Total Interfund Transfers	\$ 18,038,027	\$ 26,055,202

I. Leases

The international bridge serves as a lessor for three businesses, the first one is TABC. They pay the international bridge a monthly amount of \$550. Also, UETA rents land and makes monthly payments of \$12,500 and lastly cold storage with monthly payments of \$7,723.

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

IV. OTHER INFORMATION

A. Risk Management

The city is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees (workman's compensation), and natural disasters. During the fiscal year, the City obtained general liability coverage at a cost that is economically justifiable by joining with other governmental entities in the State as a member of the Texas Municipal League Intergovernmental Risk Pool (TML). TML is a self-funded pool operating as common risk management and insurance program. The city pays an annual premium to TML for its above insurance coverage. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims more than acceptable risk levels; however, each category of coverage has its own level of reinsurance. The city continues to carry commercial insurance for other risks of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years. A copy of TML's Annual Comprehensive Financial Report may be obtained by request at the following address:

Texas Municipal League
1821 Rutherford Lane, Suite 400
Austin, TX 78754-5128

1. Health Care Coverage

As of January 2018, the City transitioned from fully funded to self/partially funded. The health provider is United Health Care with Lone Star Insurance services as an agent of record. The City now funds its claims monthly through a separate bank account managed by the agent. The City pays 100% of the employees' insurance cost and 50% of the employee's dependent's insurance cost with the following plans:

Coverage Type	Monthly Cost to Employee	Monthly Cost to City	Total Monthly Cost
Employee Only	-	150	150
Employee and Spouse	206	150	356
Employee and Children	189	150	339
Employee and Family	408	150	558

Coverage Type	Monthly Cost to Employee	Monthly Cost to City	Total Monthly Cost
Employee Only	17	150	167
Employee and Spouse	240	150	389
Employee and Children	221	150	371
Employee and Family	458	150	608

For more detailed information about United HealthCare please contact:

United Healthcare
2000 West Loop South, Suite 900
Houston, TX 77027

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

IV. OTHER INFORMATION (Continued)

2. Post-Retirement Health Care Benefits

The City provides certain health care and life insurance benefits, under City ordinance, for:

- A. A retired person and their dependents covered under the City of Pharr, Texas's health insurance plan, prior to January 1, 2009, shall be entitled to continued coverage at the municipality's expense not to exceed \$275 per month for the retiree, and fifty percent of the cost of coverage for the dependent or \$225 whichever is less. When a retiree reaches the age of 65, the municipality will no longer pay for the retiree's and dependent's health insurance. The municipality will only pay for the cost of the retiree's Medicare Advantage Plan coverage.
- B. Any person employed with the City of Pharr, Texas, prior to January 1, 2009, that has been employed for not less than twenty (20) years with any municipality in the State of Texas that participates in the Texas Municipal Retirement System, that was employed with the City of Pharr, Texas for not less than ten (10) years, and reaches the age of fifty (50), shall be eligible upon retirement to receive continued health coverage at the expense of the municipality not to exceed \$275 per month. A dependent of an eligible retired person under the subsection shall not receive continued coverage at the expense of the municipality. When a retiree reaches the age of 65, the municipality will no longer pay for the retiree's health coverage.
- C. A person that becomes employed with the City of Pharr, Texas, after January 1, 2009, shall not be eligible for any health insurance coverage at the expense of the municipality upon retirement. A dependent of an employee under this subsection shall not receive health insurance coverage at the expense of the municipality upon retirement.

Currently, approximately 46 retirees meet these eligibility requirements. The City pays 80% of the number of validated claims for qualified medical and hospitalization costs incurred after the retiree meets a deductible ranging from \$1,000 per individual to \$2,000 per family for In-Network coverage. The maximum out-of-pocket costs that can be incurred by a retiree in the one-year range from \$1,500 per individual to \$3,000 per family.

B. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time employees at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are the property of the beneficiary. General inflation is assumed to be 2.50% per year with an investment return and assumption of 6.75% per year, compounded annually, composed on an assumed 2.5% inflation rate and a 4.25% net real rate of return.

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

IV. OTHER INFORMATION (Continued)

C. Pension Plan

Pension Plans: The City provides for two pension plans; one is a defined benefit cash-balance plan administered through Texas Municipal Retirement System (TMRS) and one has a special funding situation administered by Texas Emergency Services Retirement System (TESRS). Both plans are described in detail below. Aggregate amounts for both pension plans are as follows:

	TMRS	TESRS	TOTAL
Pension liability	\$ 24,034,452	\$ 760,214	\$ 24,794,666
Deferred outflows of resources	6,645,302	337,083	6,982,385
Deferred inflows of resources	1,340,511	-	1,340,511
Pension Expense	6,470,751	250,927	6,721,678

1. Plan Description

The City of Pharr, Texas participates as of the 934 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at tmrs.com.

All eligible employees of the City are required to participate in TMRS.

2. Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. At retirement, the member's benefit is calculated based on the sum of the Member's contributions with interest, the city-financed monetary credits with interest. The retiring member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24 or 36 monthly payments, which cannot exceed 75% of the total member's contributions and interest.

Description	Plan Year 2023	Plan Year 2024
Employee Deposit Rate	7.00%	7.00%
Matching Ratio (City to Employee)	2 to 1	2 to 1
Years Required for Vesting	5	5
Service Retirement Eligibility (Expressed as Age / Years of Service)	60/5,0/20	60/5,0/20
Updated Service Credit	100% of Repeating	100% of Repeating
Annuity Increase (to Retirees)	0% of CPI	0% of CPI

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

IV. OTHER INFORMATION (Continued)

C. Pension Plan (Continued)

Employee Covered by Benefits Terms.

As of the December 31, 2023, valuation and measurement date, the following employees were covered by the terms of the benefits:

Description	2023
Inactive employees or beneficiaries currently receiving benefits	300
Inactive employees entitled to but not yet receiving benefits	417
Active employees	770
Total participants	<u>1,487</u>
Covered Payroll	\$ 41,286,120

3. Contributions

Member contribution rates in TMRS are either 5%, 6%, or 7% of the member's total compensation, and the city matching percentages are either 100%, 150% or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The city's contribution rate is based on the liabilities created from the benefit plan option selected by the city and any changes in benefits or actual experience over time.

Employees for the City of Pharr were required to contribute 7.00% of their annual compensation during the fiscal year. The contribution rates for the City of Pharr were 12.10% and 11.71% in calendar years 2023 and 2024, respectively. The City's contributions to TMRS for the year ended September 30, 2024, were \$5,017,057 and were equal to the required contributions.

4. Net Pension Liability

The city's Net Pension Liability (NPL) was measured as of December 31, 2023, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall Payroll Growth	2.75% per year, adjusted down for population declines, if any
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

IV. OTHER INFORMATION (Continued)

C. Pension Plan (Continued)

Salary increases were based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with 110% of the Public Safety table used for males and 100% of the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale MP 2021 to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 to December 31, 2012. They were adopted in 2023 and first used in the December 31, 2023 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined by best estimate ranges of expected returns for each major asset class. The long-term expected rate of return is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage. The target allocation and best estimate of real rates of return for each major asset class in fiscal year 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.0%	6.70%
Core Fixed Income	6.0%	4.70%
Non-Core Fixed Income	20.0%	8.00%
Other Public and Private Markets	12.0%	8.00%
Real Estate	12.0%	7.60%
Hedge Funds	5.0%	6.40%
Private Equity	10.0%	11.60%
Total	100.0%	

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

IV. OTHER INFORMATION (Continued)

C. Pension Plan (Continued)

4. Net Pension Liability (Continued)

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that Member and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive Members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at 12/31/2022	\$ 127,501,169	\$ 100,021,866	\$ 27,479,303
Changes for the year:			
Service cost	6,230,076	-	6,230,076
Interest	8,724,041	-	8,724,041
Change of benefit terms	1,808,026	-	1,808,026
Difference between expected and actual experience	(815,013)	-	(815,013)
Changes of assumptions	7,667		7,667
Contributions - employer	-	4,995,619	(4,995,619)
Contributions - employee	-	2,890,028	(2,890,028)
Net investment income	-	11,588,162	(11,588,162)
Benefit payments, including refunds of employee contributions	(6,538,371)	(6,358,371)	(180,000)
Administrative expense	-	(73,646)	73,646
Other changes	-	(515)	515
Net changes	9,416,426	13,041,277	(3,624,851)
Balance at 12/31/2023	\$ 136,917,595	\$ 113,063,143	\$ 23,854,452

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

IV. OTHER INFORMATION (Continued)

4. Net Pension Liability (Continued)

Sensitivity of the Net Position liability changes in the discount rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percent-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$ 44,657,205	\$ 24,034,452	\$ 7,169,640

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately issued TMRS financial report. That report may be obtained on the Internet at www.tmr.com.

5. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions

For the year ended September 30, 2024, the City recognized pension expense of \$6,394,644.

At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience (net of current year amortization)	\$ 199,547	\$ 727,306
Changes in actuarial assumptions	6,201	76
Difference between projected and actual investment earnings (net of current year amortization)	2,487,856	-
Contributions subsequent to the measurement date	3,596,464	-
Total	<u>\$ 6,290,068</u>	<u>\$ 727,382</u>

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

IV. OTHER INFORMATION (Continued)

5. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions (Continued)

\$3,596,464 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30,	
2025	\$ 504,338
2026	695,028
2027	1,875,156
2028	(1,116,794)
2029	(35,506)
Thereafter	-

D. Other Post Employment Benefit (OPEB) Programs

1. Plan Description

Texas Municipal Retirement System ("TMRS") administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund ("SDBF"). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered another post-employment benefit ("OPEB") and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is an unfunded OPEB plan (i.e. no assets are accumulated).

The member city contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers.

GASB 75 requires employers to recognize the total OPEB liability and the OPEB expense on their financial statements. The OPEB expense recognized each fiscal year is equal to the change in the total OPEB liability from the beginning of the year to the end of the year, adjusted for deferred recognition of certain changes in the liability.

The city's SDBF is considered a single-employer unfunded OPEB plan with benefit payments treated as being equal to the employee's contribution for retirees.

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

IV. OTHER INFORMATION (Continued)

1. Plan Description (Continued)

Employees covered by benefit terms

At the December 31, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	238
Inactive employees entitled to but not yet receiving benefits	66
Active employees	<u>770</u>
Total	<u><u>1,074</u></u>

Contributions

Employees for the City of Pharr were required to contribute 0.09% of their annual gross earnings during the fiscal year. The contribution rates for the City were 0.22% and 0.24% in calendar year 2023 and 2024, respectively. The City's contributions to TMRS for the year ended September 30, 2024 were \$99,540 and were equal to the required contributions.

2. Supplemental Death Benefits (SDBF) Plan Contributions

The city contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

Plan/Calendar Year	Total SDB Contribution (Rate)	Retiree Portion of SDB Contribution (Rate)
2024	0.24%	0.09%
2023	0.22%	0.08%
2022	0.18%	0.10%
2021	0.18%	0.10%
2020	0.14%	0.03%

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

IV. OTHER INFORMATION (Continued)

3. OPEB Liability

The Other Post-Employment Benefits (OPEB) was measured as of December 31, 2023, and the Total Liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions: The Total OPEB Liability on December 31, 2023, actuarial valuation was determined using the following actuarial assumptions.

Inflation	2.50% per year
Overall Payroll Growth	3.60% to 11.85% per year - including inflation
Discount rate*	3.77%
Retiree's share of benefit related costs	\$0

**The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2023.*

Administrative Expenses - All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.

Mortality rates – service retirees – 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

Mortality rates – disabled retirees – 2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.

Discount Rate:

The discount rate used to measure the Total OPEB Liability was 3.77%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the OPEB plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the Total OPEB Liability.

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

IV. OTHER INFORMATION (Continued)

3. OPEB Liability (Continued)

Discount Rate:

The discount rate used to measure the Total OPEB Liability was 3.77%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the OPEB plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the Total OPEB Liability.

Total OPEB Liability:

	Increase (Decrease) Total OPEB Liability
Balance at 12/31/2022	\$ 1,271,922
Changes for the year:	
Service cost	57,801
Interest	520,014
Change of benefit terms	-
Difference between expected and actual experience	(14,055)
Changes of assumptions	70,572
Contributions - employer	-
Contributions - employee	-
Net investment income	-
Benefit payments,	-
including refunds of employee contributions	(33,029)
Administrative expense	-
Other changes	-
Net changes	28,318
Balance at 12/31/2023	<u>\$ 259,080</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, calculated using the discount rate of 3.77%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.77%) or 1 percentage point higher (4.77%) than the current rate:

	1% Decrease in Discount Rate (2.77%)	Discount Rate (3.77%)	1% Increase in Discount Rate (4.77%)
City's total OPEB liability	\$ 1,691,671	\$ 1,405,225	\$ 1,181,225

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

IV. OTHER INFORMATION (Continued)

3. OPEB Liability (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

For the year ended September 30, 2024, the City recognized OPEB expense in the amount of \$76,107.

At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience (net of current year amortization)	\$ -	\$ 62,382
Changes in actuarial assumptions	281,522	506,747
Difference between projected and actual investment earnings (net of current year amortization)	-	-
Contributions subsequent to the measurement date	73,711	-
Total	<u>\$ 355,233</u>	<u>\$ 569,129</u>

\$73,711 reported as deferred outflows of resources related to OPEBs resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the year ended September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

Year ended September 30,	
2025	\$ (40,548)
2026	(30,733)
2027	(40,837)
2028	(74,494)
2029	(86,251)
Thereafter	(14,744)

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

IV. OTHER INFORMATION (Continued)

D. Texas Emergency Services Retirement System

The City participates in a cost-sharing multiple employer pension plan that has a special funding situation. The plan is administered by TERS and established and administered by the State to provide pension benefits for emergency services personnel who serve without significant monetary remuneration. At August 31, 2024, there were 244 contributing fire and/or emergency services department members participating in TERS. Eligible participants include volunteer emergency services personnel who are members in good standing of a member department.

On August 31, 2024, the TERS membership consisted of:

Retirees and beneficiaries currently receiving benefits	4,122
Terminated members entitled to, but not yet receiveing benefits	1,806
Active participants	3,394

Pension Plan Fiduciary Net Position

Detailed information about the TERS's fiduciary net position is available in a separately-issued Annual Comprehensive Financial Report that includes financial statements and Required Supplementary Information. TERS issues a publicly available Annual Financial Report, which includes financial statements, notes, and Required Supplementary Information, which can be obtained at www.tesrs.org. The separately issued actuarial valuations that may be of interest are also available at the same link.

Benefits Provided

Senate Bill 411, 65th Legislature, Regular Session (1977), created TERS and established the applicable benefit provisions. The 79th Legislature, Regular Session (2005), re-codified the provisions and gave the TERS Board of Trustees (the "Board") authority to establish vesting requirements, contribution levels, benefit formulas, and eligibility requirements by Board rule. The benefit provisions include retirement benefits, as well as death and disability benefits. Members are 50 percent vested after the tenth year of service, with the vesting percentage increasing ten percent for each of the next five years of service so that a member becomes 100 percent vested with 15 years of service.

Upon reaching age 55, each vested member may retire and receive a monthly pension equal to his vested percent multiplied by six times the governing body's average monthly contribution over the member's years of qualified service. For years of service in excess of 15 years, this monthly benefit is increased at the rate of 6.2% compounded annually. There is no provision for automatic postretirement benefit increases.

On and off-duty death benefits and on-duty disability benefits are dependent on whether or not the member was engaged in the performance of duties at the time of death or disability. Death benefits include a lump sum amount or continuing monthly payments to a member's surviving spouse and dependent children.

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

IV. OTHER INFORMATION (Continued)

D. Texas Emergency Services Retirement System (Continued)

Funding Policy

Contributions are made by governing bodies for the participating departments. No contributions are required from the individuals who are members of TESRS, nor are they allowed. The governing bodies of each participating department are required to make contributions for each month a member performs emergency services for a department (this minimum contribution is \$36 per member and the department may make a higher monthly contribution for its members). This is referred to as a Part One contribution, which is the legacy portion of the TESRS contribution that directly impacts future retiree annuities.

The State is required to contribute an amount necessary to make TESRS "actuarially sound" each year, which may not exceed one-third of the total of all contributions made by participating governing bodies in a particular year. The Board rule defining contributions was amended effective July 27, 2014 to add the potential for actuarially determined Part Two contributions that would be required only if the expected future annual contributions from the State are not enough with the Part One contributions to provide an adequate contribution arrangement as determined by the most recent actuarial valuation. This Part Two portion, which is actuarially determined as a percentage of the Part One portion (not to exceed 15 percent), is to be actuarially adjusted near the end of each even-numbered calendar year based on the most recent actuarial valuation. Based on the actuarial valuation as of August 31, 2023, the Part Two contributions are not required for an adequate contribution arrangement.

Additional contributions may be made by governing bodies within two years of joining TESRS to grant up to fifteen years of credit for prior service per member. Prior service must have occurred before the department began participation in TESRS.

A small subset of participating departments has a different contribution arrangement that is being phased out over time. In this arrangement, contributions made in addition to the monthly contributions for active members are made by local governing bodies on a pay-as-you-go basis for members who were pensioners when their respective departments merged into TESRS. There is no actuarial impact associated with this arrangement as the pay-as-you-go contributions made by these governing bodies are always equal to benefit payments paid by TESRS.

Ultimately, the contribution policy also depends upon the total return of the System's assets, which varies from year to year. Investment policy decisions are established and maintained by the board of trustees. For the year ending August 31, 2024, the money-weighted rate of return on pension plan investments was 11.85%. This measurement of the investment performance is net of investment-related expenses, reflecting the effect of the timing of the contributions received and the benefits paid during the year.

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

IV. OTHER INFORMATION (Continued)

E. Texas Emergency Services Retirement System (Continued)

Contributions

The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather, the minimum contribution provisions were set by Board rule, and there is no maximum contribution rate. For the measurement year ending August 31, 2024, total contributions (dues, prior service, and interest on prior service financing) of \$36,540 were paid by the City. The State appropriated \$190,395 for the measurement year ending August 31, 2024 to the plan as a whole.

Actuarial Assumptions

The TPI in the August 31, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75% per year
Salary increases	N/A
Investment Rate of Return	7.25%, net of pension plan investment expense, including inflation
Municipal Bond Rate	3.87%
Discount Rate	5.38%

Mortality rates were based on the PubS-2010 (public safety) below-median income mortality tables for employees and for retirees, projected for mortality improvement generationally using projection scale MP-2019. The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage (currently 4.60%) and by adding expected inflation (2.75%). In addition, the final 7.25% assumption was selected by rounding down.

The target allocation and expected arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equities		
Large cap domestic	20%	5.71%
Small/mid cap domestic	10%	5.98%
Developed international	15%	6.19%
Emerging markets	5%	7.38%
Global infrastructure	5%	6.63%
Real Estate	10%	4.50%
Multi asset income	5%	3.75%
Fixed Income	30%	1.97%
Cash	0%	0.00%
Total	100.0%	
Weighted Average		4.60%

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

IV. OTHER INFORMATION (Continued)

E. Texas Emergency Services Retirement System (Continued)

Discount Rate:

The discount rate used to measure the total pension liability was 5.38%. No projection of cash flows was used to determine the discount rate because the August 31, 2024 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 30 years using the conservative level dollar amortization method. Because of the 30-year amortization period with the conservative amortization method and with a lower value of assets, the pension plan's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity Analysis

The following presents the NPL of the City, calculated using the discount rate of 5.38%, as well as what the City's NPL would be if it were calculated using a discount rate that is one percentage point lower (4.38%) or one percentage point higher (6.38%) than the current rate:

	1% Decrease in Discount Rate (4.38%)	Discount Rate (5.38%)	1% Increase in Discount Rate (6.38%)
City's total OPEB liability	\$ 1,049,168	\$ 760,214	\$ 532,107

Pension Liability, Pension Expense, and Deferred Outflows/Deferred Inflows of Resources Related to Pensions:

At September 30, 2024, the City reported a liability of \$760,214 for its proportionate share of TESRS NPL. The amount recognized by the City as its proportionate share of the NPL, the related State support, and the total portion of the NPL that was associated with the City were as follows:

City's proportionate share of the collective NPL	\$ 760,214
State's proportionate share that is associated with the City*	190,395
	<u>\$ 950,609</u>

*Calculated using the City's proportionate share of contributions multiplied by the State's share of the collective net pension liability.

At September 30, 2024, the employer's proportion of the collective NPL was .708 percent, which was a decrease of 0.120 percent from its proportion measured as of September 30, 2023.

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

IV. OTHER INFORMATION (Continued)

E. Texas Emergency Services Retirement System (Continued)

There were no changes of assumptions or other inputs that affected measurement of the TPL during the measurement period.

There were no changes of benefit terms that affected measurement of the TPL during the measurement period.

For the measurement year ended August 31, 2024, the City recognized pension expense of \$290,926. On- behalf revenues and expenses were immaterial and not recognized by the City.

At August 31, 2024, the City reported its proportionate share of the TESRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience (net of current year amortization)	\$ 40,823	\$ -
Changes in actuarial assumptions	270,804	-
Difference between projected and actual investment earnings (net of current year amortization)	25,456	-
Contributions paid to TESRS subsequent to the measurement date	-	-
Total	<u>\$ 337,083</u>	<u>\$ -</u>

The contributions paid to TESRS subsequent to the measurement date of the NPL but before the end of the City's reporting period will be recognized as a reduction of the NPL in the subsequent fiscal year.

The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30,	
2025	\$ 200,162
2026	149,145
2027	(4,545)
2028	<u>(7,679)</u>
Total	337,083

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

IV. OTHER INFORMATION (Continued)

F. Commitments

1. Grant Programs

The city participates in several federal and state-assisted grant programs. Under the terms of these grants, the City is subject to program compliance audits by the grantors or their representatives. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. If future program compliance audits result in questioned or disallowed costs, reimbursements would be made to the grantor agencies.

2. Litigation

The city is a defendant in various lawsuits. It is the opinion of the City's legal counsel and management that there is no potential unasserted claim as of September 30, 2024.

3. Construction Commitments

The city has entered various significant construction commitments that are currently underway. As of September 30, 2024, they are as follows:

Description	Original Commitment	Paid in Previous Years	Paid in Current Year	Balance Due
Governmental Activities				
<i>Administration</i>				
UTRGV Nursing School	\$ 2,000,000	\$ 1,993,134	\$ -	\$ 6,866
Total Administration	2,000,000	1,993,134	-	6,866
<i>Public Safety</i>				
Fire Station	5,000,000	1,264,890	-	3,735,110
Total Public Safety	5,000,000	1,264,890	-	3,735,110
<i>Parks</i>				
Maintenance Building	1,000,000	146,281	26,213	827,506
Total Parks	1,000,000	146,281	26,213	827,506
<i>Streets</i>				
Pharr Tri-City Pedestrian Walkway	2,461,000	849,356	974,436	637,208
Anaya Road	655,000	329,887	-	325,113
Railroad Crossing Replanking	500,000	497,703	-	2,297
Moore Road to Veterans	1,800,000	845,371	14,209	940,420
Total Streets	5,416,000	2,522,317	988,645	1,905,038
Total Commitments - Governmental Activities	<u>\$ 13,416,000</u>	<u>\$ 5,926,622</u>	<u>\$ 1,014,858</u>	<u>\$ 6,474,520</u>

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

IV. OTHER INFORMATION (Continued)

F Commitments (Continued)

3. Construction Commitments (Continued)

Description	Original Commitment	Paid in Previous Years	Paid in Current Year	Balance Due
Business-Type				
<i>Utility</i>				
South Detention Pound	\$ 3,882,000	\$ 568,467	\$ 137,183	\$ 3,176,350
South Region Interceptor	3,077,700	1,165,366	18,750	1,893,584
Raw Water Reservoir	4,454,600	571,676	9,275	3,873,649
Water Treatment Plant Upgrade	1,700,000	1,437,100	-	262,900
Waste Water Treat Headworks	787,000	404,901	-	382,099
Total Utility	<u>13,901,300</u>	<u>4,147,510</u>	<u>165,208</u>	<u>9,588,582</u>
<i>Bridge</i>				
Bridge Expansion	45,000,000	10,084,845	5,951,633	28,963,522
FY 16 DAP	14,141,300	3,711,980	-	10,429,320
Commercial Vehicle Parking Area	14,056,900	1,917,559	-	12,139,341
Total Bridge	<u>73,198,200</u>	<u>15,714,384</u>	<u>5,951,633</u>	<u>51,532,183</u>
Total Commitments - Business-Type	<u>87,099,500</u>	<u>19,861,894</u>	<u>6,116,841</u>	<u>61,120,765</u>
Total Commitments	<u>\$ 100,515,500</u>	<u>\$ 25,788,516</u>	<u>\$ 7,131,699</u>	<u>\$ 67,595,285</u>

G. Land available for sale

During FY 2011-2012, the City and PEDC entered into an agreement to buy land for economic development purposes. As of September 30, 2015, the city has a market value of \$8,867,500 in land including demolitions and infrastructure. On February 2012, the City Commission approved to contribute all land that has been purchased to the PEDC, the transfer of all land titles was completed as of September 30, 2013. Per GASB standards, land available for sale should be recorded at a lower of cost or net realizable value (NRV). The City obtained appraisals for the land in January 2017 which indicated that the land was worth \$1,565,698 less than the previous recorded value, a loss of this amount was reported on the financial statements as a special item during that year. The balance of land available for development is recorded as Land Available for Sale in the PEDC fund.

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

IV. OTHER INFORMATION (Continued)

G. Land available for sale (Continued)

The summary of land available for sale as of September 30, 2024, is shown on the following table:

Description	9/30/2023	Added/ (Removed)	Adjustment	Gain/(Loss) on Appraised Value	9/30/2024
Jackson Development Project	\$ 1,240,000	\$ -	\$ -	\$ -	\$ 1,240,000
Produce Park	420,012	(420,012)	-	-	-
Produce Park	237,109	(237,109)	-	-	-
Produce Park	255,993	-	-	-	255,993
Old Texan Hotel	1,107,686	-	-	-	1,107,686
Water Reservoir Commercial Portion	750,000	-	-	-	750,000
Total Land Available For Sale	<u>\$ 4,010,800</u>	<u>\$ (657,121)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,353,679</u>

H. Related Party

None.

J. Tax Abatements

The City of Pharr negotiates loans, grants, property tax abatement agreements, property tax rebates, and sales tax rebates on an individual basis. These agreements are designed to promote local economic development and redevelopment within the City, estimate commercial activity, promote job creation, generate additional sales tax, and enhance the property tax base and economic vitality of the City. This program is authorized under Chapter 380.001 of the Texas Local Government Code.

The City has entered into various agreements that rebate a percentage of property, sales tax, and employment related reimbursement as well as economic development grants. The reimbursement amounts range per type of agreement once certain milestones are attained.

Abatements as of September 30, 2024, are as follows:

Program Commitment To	Amount Pending	Obligator	Purpose	Length of Time Remaining
City of Pharr	Varies	TIRZ #1	Infrastructure Development	27 Years
City of Pharr	Varies	TIRZ #2	Infrastructure Development	11 Years
Campero Legacy Properties	Varies*	City and PEDC	Commercial Development	4 years
Pharr Town Center	Varies**	City of Pharr	Commercial Development	9 years
CarlMax	\$120,000	PEDC	Commercial Development	3 Years
Top Golf	Varies***	PEDC	Commercial Development	11 Years
Texas NH Management	Varies****	PEDC	Commercial Development	7 Years
Queenstown Park	Varies****	PEDC	Commercial Development	10 Years
OCP Capote	Varies****	PEDC	Commercial Development	7 Years
TOTAL	<u>\$120,000</u>			

* City and PEDC will reimburse a portion of property taxes each year.

** City will reimburse 25% of Sales Tax Received.

*** PEDC will reimburse 50% of total sales tax collected.

**** PEDC will reimburse 50% of property taxes collected.

City of Pharr, Texas
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

IV. OTHER INFORMATION (Continued)

K. Subsequent Events

To report subsequent events, management has considered events occurring through September 30, 2025, the date the report was available to be issued, and the following are considered significant to be disclosed:

- The launch of TeamPharr.Net as of the 12,446 active resident accounts, 50 active small business accounts, and 8 active enterprise accounts.
- The City is in the process of entering into a contract with the City of San Juan to provide emergency services.
- The Discretely Presented Component Unit – Jackson Place Apartments – was sold to a third party. This transaction closed in December 2024.
- The PEDC will issue \$5,000,000 in Pharr Economic Development Corporation II Sales Tax Revenue Note (2016 Line of Credit Loan Renewal), Series 2024 to be used to promote local economic development and stimulate business and commercial activity in the City of Pharr, Texas.

L. Changes within the financial reporting entity/error correction

For the current year, the City reported a change in its financial reporting entity. The City previously reported the Debt Service Fund as non-major governmental funds. In the prior year, that classification was required based on quantitative factors. However, that threshold was met in the current year, and management concluded that the fund was significant enough to merit presentation as a major fund for qualitative purposes. Thus, the Debt Service Fund was reclassified to a major fund in the current year.

The City required balance sheet adjustments and revenue reclassifications related to the previous fiscal year for long-term debt liabilities and capital asset depreciation. This error understated the fund balances of the General fund, and Enterprise Fund by, (\$318,839) and \$3,921,302 respectively, and the net position of governmental activities in the government-wide statements.

	9/30/2023 As Previously Reported	Change Within Financial Reporting Entity	Error Correction	9/30/2023 As Restated
Net Position: Government-Wide Statements				
Governmental Activities	\$ 152,347,674	\$ -	\$ (3,812,769)	\$ 148,534,905
Business-Type Activities	146,704,793	-	3,921,302	150,626,095
Total Primary Government	<u>299,052,467</u>	<u>-</u>	<u>108,533</u>	<u>299,161,000</u>
Fund Balances: Governmental Funds				
Major Funds				
General Fund	\$ 16,722,608	-	(318,839)	16,403,769
Economic Development Fund	15,831,991	-	-	15,831,991
Debt Service Fund	-	12,900,261	-	12,900,261
Nonmajor Funds	<u>20,737,038</u>	<u>(12,900,261)</u>	<u>-</u>	<u>7,836,777</u>
Total Governmental Funds	<u>\$ 53,291,637</u>	<u>\$ -</u>	<u>\$ (318,839)</u>	<u>\$ 52,972,798</u>
Fund Balances: Proprietary Fund				
Business-Type Activities				
Business-Type Activities	<u>\$ 146,704,793</u>	<u>-</u>	<u>3,921,302</u>	<u>150,626,095</u>
Total Governmental Funds	<u>\$ 146,704,793</u>	<u>\$ -</u>	<u>\$ 3,921,302</u>	<u>\$ 150,626,095</u>

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF PHARR, TEXAS
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Property Taxes	\$ 26,794,700	\$ 26,794,700	\$ 25,623,334	\$ (1,171,366)
General Sales and Use Taxes	22,115,700	22,115,700	22,371,291	255,591
Franchise Tax	2,672,900	2,672,900	2,616,057	(56,843)
Other Taxes	299,500	299,500	215,109	(84,391)
Licenses and Permits	1,054,900	1,054,900	1,714,026	659,126
Intergovernmental Revenue and Grants	536,200	536,200	82,112	(454,088)
Charges for Services	5,474,900	5,474,900	5,431,706	(43,194)
Fines	704,000	704,000	698,839	(5,161)
Investment Earnings	65,000	65,000	65,553	553
Other Revenue	418,000	418,000	1,338,258	920,258
Total Revenues	60,135,800	60,135,800	60,156,285	20,485
EXPENDITURES:				
Current:				
General Government	22,587,700	24,804,500	18,947,427	5,857,073
Public Safety	35,528,900	35,748,900	31,579,167	4,169,733
Highways and Streets	5,472,600	5,518,700	5,556,715	(38,015)
Health and Welfare	547,600	559,100	3,729,898	(3,170,798)
Culture and Recreation	9,525,200	9,655,000	9,924,002	(269,002)
Economic Development	995,000	995,000	2,058,417	(1,063,417)
Debt Service:				
Principal on Debt	967,500	967,500	2,462,053	(1,494,553)
Interest on Debt	121,800	121,800	255,814	(134,014)
Other Debt Service	-	-	5,766	(5,766)
Total Expenditures	75,746,300	78,370,500	74,519,259	3,851,241
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,610,500)	(18,234,700)	(14,362,974)	3,871,726
OTHER FINANCING SOURCES (USES):				
Issuance of Bonds	4,790,100	2,446,100	2,446,100	-
Proceeds from Right-to-Use Leases	-	-	225,076	225,076
Transfers In	12,001,500	12,001,500	16,151,500	4,150,000
Transfers Out	(2,274,300)	(4,021,600)	(9,732,201)	(5,710,601)
Total Other Financing Sources (Uses)	14,517,300	10,426,000	9,090,475	(1,335,525)
Net Change	(1,093,200)	(7,808,700)	(5,272,499)	2,536,201
Fund Balance - October 1 (Beginning)	16,722,608	16,722,608	16,722,608	-
Adjustments and Restatements	-	-	(318,839)	(318,839)
Fund Balance - September 30 (Ending)	\$ 15,629,408	\$ 8,913,908	\$ 11,131,270	\$ 2,217,362

CITY OF PHARR, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021
A. Total Pension Liability			
Service Cost	\$ 6,230,076	\$ 6,149,282	\$ 5,640,448
Interest (on the Total Pension Liability)	8,724,041	8,028,121	7,442,313
Changes of Benefit Terms	1,808,026	-	12,390,200
Difference between Expected and Actual Experience	(815,013)	37,652	357,274
Changes of Assumptions	7,667	-	-
Benefit Payments, Including Refunds of Employee Contributions	(6,358,371)	(5,148,741)	(4,882,879)
Net Change in Total Pension Liability	\$ 9,596,426	\$ 9,066,314	\$ 20,947,356
Total Pension Liability - Beginning	127,501,169	118,434,855	97,487,499
Total Pension Liability - Ending	\$ 137,097,595	\$ 127,501,169	\$ 118,434,855
B. Total Fiduciary Net Position			
Contributions - Employer	\$ 4,995,619	\$ 5,312,216	\$ 2,907,748
Contributions - Employee	2,890,028	2,974,839	2,725,135
Net Investment Income	11,588,162	(7,630,390)	11,974,498
Benefit Payments, Including Refunds of Employee Contributions	(6,358,371)	(5,148,741)	(4,882,879)
Administrative Expense	(73,646)	(66,010)	(55,392)
Other	(515)	78,770	379
Net Change in Plan Fiduciary Net Position	\$ 13,041,277	\$ (4,479,316)	\$ 12,669,489
Plan Fiduciary Net Position - Beginning	100,021,866	104,501,182	91,831,699
Plan Fiduciary Net Position - Ending	\$ 113,063,143	\$ 100,021,866	\$ 104,501,188
C. Net Pension Liability	\$ 24,034,452	\$ 27,479,303	\$ 13,933,667
D. Plan Fiduciary Net Position as a Percentage of Total Pension Liability	82.47%	78.45%	88.24%
E. Covered Payroll	\$ 41,286,120	\$ 42,496,767	\$ 38,872,833
F. Net Pension Liability as a Percentage of Covered Payroll	58.21%	64.66%	35.84%

Note: GASB Codification, Vol. 2, P20.146 requires that the data in this schedule be presented for the time period covered by the measurement date rather than the governmental entity's current fiscal year.

FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
\$ 3,749,532	\$ 3,734,670	\$ 3,533,893	\$ 3,320,128	\$ 3,146,078	\$ 2,746,650	\$ 2,377,944
6,184,172	5,838,306	5,493,822	5,161,419	4,880,163	4,587,828	4,321,502
-	-	-	-	-	-	-
(80,063)	(204,752)	(231,976)	677,911	(278,776)	435,455	(63,247)
-	(213,606)	-	-	-	2,330,292	-
(4,217,477)	(3,858,744)	(3,726,672)	(3,736,864)	(3,598,628)	(3,484,627)	(2,547,161)
\$ 5,636,164	\$ 5,295,874	\$ 5,069,067	\$ 5,422,594	\$ 4,148,837	\$ 6,615,598	\$ 4,089,038
91,851,335	86,555,461	81,486,304	76,673,830	72,524,993	65,909,395	61,820,357
\$ 97,487,499	\$ 91,851,335	\$ 86,555,371	\$ 82,096,424	\$ 76,673,830	\$ 72,524,993	\$ 65,909,395
\$ 2,437,328	\$ 2,442,368	\$ 2,312,486	\$ 2,174,506	\$ 1,683,200	\$ 1,649,708	\$ 1,570,743
2,170,945	2,167,600	2,021,401	1,903,877	1,800,699	1,702,972	1,578,431
6,454,440	11,294,135	(2,238,218)	9,059,762	4,148,172	90,733	3,296,861
(4,217,477)	(3,858,744)	(3,726,672)	(3,736,864)	(3,598,628)	(3,484,627)	(2,547,161)
(41,761)	(63,813)	(43,261)	(46,957)	(46,857)	(55,265)	(34,419)
(1,629)	(1,917)	(2,260)	(2,380)	(2,525)	(2,730)	(2,830)
\$ 6,801,846	\$ 11,979,629	\$ (1,676,524)	\$ 9,351,944	\$ 3,984,061	\$ (99,209)	\$ 3,861,625
85,029,853	73,050,224	74,726,749	65,374,805	61,390,744	61,489,953	57,628,328
\$ 91,831,699	\$ 85,029,853	\$ 73,050,225	\$ 74,726,749	\$ 65,374,805	\$ 61,390,744	\$ 61,489,953
\$ 5,655,800	\$ 6,821,482	\$ 13,505,146	\$ 7,369,675	\$ 11,299,025	\$ 11,134,249	\$ 4,419,442
94.20%	92.57%	84.40%	91.02%	85.26%	84.65%	93.29%
\$ 31,013,497	\$ 30,363,171	\$ 28,848,841	\$ 27,417,409	\$ 25,724,265	\$ 24,328,166	\$ 22,531,464
18.24%	22.47%	46.81%	26.88%	43.92%	45.77%	19.61%

CITY OF PHARR, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM
FOR THE FISCAL YEAR 2024

	2024	2023	2022
Actuarially Determined Contribution	\$ 5,017,057	\$ 5,029,316	\$ 2,674,066
Contributions in Relation to the Actuarially Determined Contributions	(5,017,057)	(5,029,316)	(2,674,066)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 42,453,200	\$ 41,179,621	\$ 38,377,631
Contributions as a Percentage of Covered Payroll	11.82%	12.21%	6.97%

Note: GASB Codification, Vol. 2, P20.146 requires that the data in this schedule be presented as of the governmental entity's respective fiscal years as opposed to the time periods covered by the measurement dates ending December 31 for the respective fiscal years.

2021	2020	2019	2018	2017	2016	2015
\$ 2,777,930	\$ 2,489,627	\$ 2,154,807	\$ 2,134,021	\$ 2,175,593	\$ 2,092,448	\$ 1,980,325
(2,777,930)	(2,489,627)	(2,154,807)	(2,134,021)	(2,175,593)	(2,092,448)	(1,980,325)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 35,342,627	\$ 31,617,123	\$ 30,363,171	\$ 28,848,841	\$ 27,147,409	\$ 25,724,265	\$ 27,723,154
7.86%	7.87%	7.10%	7.40%	8.01%	8.13%	7.14%

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CITY OF PHARR, TEXAS
NOTES TO SCHEDULE OF PENSION CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Valuation Date: Actuarially determined contribution rates are calculated as of December 31, and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	20 years (longest amortization ladder)
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.6% to 11.85% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10 mortality tables, with 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

Other Information: There were no benefit changes during the year.

CITY OF PHARR, TEXAS
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021
Total OPEB Liability			
Service Cost	\$ 57,801	\$ 123,241	\$ 128,280
Interest on the Total OPEB Liability	52,014	34,838	34,527
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	(14,055)	6,279	(13,348)
Changes of Assumptions	70,572	(690,389)	60,787
Benefit Payments*	(33,029)	(42,497)	(38,873)
Net Change in Total OPEB Liability	133,303	(581,086)	171,373
Total OPEB Liability - Beginning	1,271,922	1,853,008	1,681,635
Total OPEB Liability - Ending	\$ 1,405,225	\$ 1,271,922	\$ 1,853,008
Covered Payroll	\$ 41,286,120	\$ 42,496,767	\$ 38,872,833
Total OPEB Liability as a Percentage of Covered Payroll	3.40%	2.99%	4.77%

*The Supplemental Death Benefit Fund is considered to be an unfunded OPEB plan under GASB 75. Because of this benefit payments are treated as being equal to the employer's yearly contributions for retirees.

Note: GASB Codification, Vol. 2, P52.139 states that the information on this schedule should be determined as of the measurement date of the plan.

As required by GASB 75, this schedule will be built prospectively as the information becomes available until 10 years of information is presented.

FY 2021 Plan Year 2020		FY 2020 Plan Year 2019		FY 2019 Plan Year 2018		FY 2018 Plan Year 2017	
\$	80,635	\$	60,726	\$	63,467	\$	51,580
	39,042		41,724		38,083		36,675
	-		-		-		-
	(43,780)		(45,154)		(32,757)		-
	231,003		237,034		(84,452)		94,497
	(9,304)		(9,109)		(8,655)		(8,144)
	297,596		285,221		(24,314)		174,608
	1,384,039		1,098,818		1,123,132		773,916
\$	1,681,635	\$	1,384,039	\$	1,098,818	\$	948,524
\$	31,013,497	\$	30,363,171	\$	28,848,841	\$	27,147,409
	5.42%		4.56%		3.81%		4.14%

CITY OF PHARR, TEXAS
NOTES TO SCHEDULE OF OPEB CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Valuation Date: Actuarially determined contribution rates are calculated as of December 31, and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	N/A
Amortization Method	N/A
Remaining Amortization Period	N/A
Asset Valuation Method	N/A
Inflation	2.50%
Salary Increases	3.60% to 11.85% including inflation
Investment Rate of Return	3.77%
Retirement Age	N/A
Mortality	Mortality rates - service retirees: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Mortality rates - disabled retirees: 2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.

Other Information: There were no benefit changes during the year.

COMBINING AND INDIVIDUAL FUND
INFORMATION AND OTHER SUPPLEMENTARY
INFORMATION

CITY OF PHARR, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024

	Hotel/Motel	Asset Sharing	Parkland Dedication	Paving & Drainage
ASSETS				
Cash and Cash Equivalents	\$ 825,035	\$ 1,152,046	\$ 145,946	\$ 1,034,866
Accounts Receivable, Net	359,135	-	-	137,514
Notes Receivable, Net	-	-	-	-
Due from Other Funds	-	177,343	-	-
Prepaid Items	-	-	-	-
Restricted Cash with Fiscal Agent	-	-	-	-
Restricted Asset - Intergovernmental Receivable	-	-	-	-
Total Assets	<u>\$ 1,184,170</u>	<u>\$ 1,329,389</u>	<u>\$ 145,946</u>	<u>\$ 1,172,380</u>
LIABILITIES				
Accounts Payable	\$ -	\$ 155,458	\$ -	\$ -
Due to Other Funds	-	-	-	-
Unearned Revenues	-	-	-	-
Escrow Accounts	-	-	-	-
Total Liabilities	<u>-</u>	<u>155,458</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Revenue - Accounts	-	-	-	107,538
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>107,538</u>
FUND BALANCES				
Nonspendable Fund Balance:				
Prepaid Items	-	-	-	-
Restricted Fund Balance:				
Public Safety	-	1,173,931	-	-
Tourism	1,184,170	-	-	-
Parkland	-	-	145,946	-
Paving and Drainage	-	-	-	1,064,842
Economic Development	-	-	-	-
Unassigned Fund Balance	-	-	-	-
Total Fund Balances	<u>1,184,170</u>	<u>1,173,931</u>	<u>145,946</u>	<u>1,064,842</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 1,184,170</u>	<u>\$ 1,329,389</u>	<u>\$ 145,946</u>	<u>\$ 1,172,380</u>

Community Development	Grants	Covid Relief Fund	General Capital Improvements	TIRZ No. 1	TIRZ No. 2	Pharr Housing Finance Corp	Total Nonmajor Special Revenue Funds
\$ 540,409	\$ -	\$ -	\$ -	\$ 4,134,956	\$ 3,464,557	\$ (10,579)	\$ 11,287,236
143,410	-	-	286,922	1,390,697	689,604	-	3,007,282
57,289	-	-	-	-	-	-	57,289
-	-	-	-	-	-	-	177,343
-	-	10,000	-	-	-	-	10,000
-	-	5,840,771	304,957	-	-	-	6,145,728
-	433,365	-	-	-	-	-	433,365
<u>\$ 741,108</u>	<u>\$ 433,365</u>	<u>\$ 5,850,771</u>	<u>\$ 591,879</u>	<u>\$ 5,525,653</u>	<u>\$ 4,154,161</u>	<u>\$ (10,579)</u>	<u>\$ 21,118,243</u>
\$ 94,664	\$ 4,068	\$ 1,882,652	\$ 143,497	\$ -	\$ -	\$ -	\$ 2,280,339
95,475	159,026	-	-	-	538,061	877,467	1,670,029
-	279,867	3,710,298	-	-	-	-	3,990,165
-	-	481,678	1,079,280	-	-	-	1,560,958
<u>190,139</u>	<u>442,961</u>	<u>6,074,628</u>	<u>1,222,777</u>	<u>-</u>	<u>538,061</u>	<u>877,467</u>	<u>9,501,491</u>
57,754	-	-	-	1,390,697	689,604	-	2,245,593
<u>57,754</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,390,697</u>	<u>689,604</u>	<u>-</u>	<u>2,245,593</u>
-	-	10,000	-	-	-	-	10,000
-	-	-	-	-	-	-	1,173,931
-	-	-	-	-	-	-	1,184,170
-	-	-	-	-	-	-	145,946
-	-	-	-	-	-	-	1,064,842
493,215	-	-	-	4,134,956	2,926,496	-	7,554,667
-	(9,596)	(233,857)	(630,898)	-	-	(888,046)	(1,762,397)
<u>493,215</u>	<u>(9,596)</u>	<u>(233,857)</u>	<u>(630,898)</u>	<u>4,134,956</u>	<u>2,926,496</u>	<u>(888,046)</u>	<u>9,371,159</u>
<u>\$ 741,108</u>	<u>\$ 433,365</u>	<u>\$ 5,850,771</u>	<u>\$ 591,879</u>	<u>\$ 5,525,653</u>	<u>\$ 4,154,161</u>	<u>\$ (10,579)</u>	<u>\$ 21,118,243</u>

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CITY OF PHARR, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024

	Debt Service Prior Year Non-Major Fd	Total Nonmajor Governmental Funds
ASSETS		
Cash and Cash Equivalents	\$ -	\$ 11,287,236
Accounts Receivable, Net	-	3,007,282
Notes Receivable, Net	-	57,289
Due from Other Funds	-	177,343
Prepaid Items	-	10,000
Restricted Cash with Fiscal Agent	-	6,145,728
Restricted Asset - Intergovernmental Receivable	-	433,365
Total Assets	\$ -	\$ 21,118,243
LIABILITIES		
Accounts Payable	\$ -	\$ 2,280,339
Due to Other Funds	-	1,670,029
Unearned Revenues	-	3,990,165
Escrow Accounts	-	1,560,958
Total Liabilities	-	9,501,491
DEFERRED INFLOWS OF RESOURCES		
Deferred Revenue - Accounts	-	2,245,593
Total Deferred Inflows of Resources	-	2,245,593
FUND BALANCES		
Nonspendable Fund Balance:		
Prepaid Items	-	10,000
Restricted Fund Balance:		
Public Safety	-	1,173,931
Tourism	-	1,184,170
Parkland	-	145,946
Paving and Drainage	-	1,064,842
Economic Development	-	7,554,667
Unassigned Fund Balance	-	(1,762,397)
Total Fund Balances	-	9,371,159
Total Liabilities, Deferred Inflows & Fund Balances	\$ -	\$ 21,118,243

CITY OF PHARR, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Hotel/Motel	Asset Sharing	Parkland Dedication	Paving & Drainage
REVENUES:				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Other Taxes	1,114,684	-	-	-
Intergovernmental Revenue and Grants	-	1,013,616	-	-
Charges for Services - Other	-	-	105,694	1,160,140
Investment Earnings	-	13,449	1,893	14,972
Other Revenue	10,802	7,543	-	-
Total Revenues	<u>1,125,486</u>	<u>1,034,608</u>	<u>107,587</u>	<u>1,175,112</u>
EXPENDITURES:				
Current:				
General Government	-	-	-	-
Public Safety	-	422,139	-	-
Highways and Streets	-	-	-	51,331
Culture and Recreation	-	-	-	-
Debt Service:				
Principal on Debt	-	-	-	-
Interest on Debt	-	-	-	-
Total Expenditures	<u>-</u>	<u>422,139</u>	<u>-</u>	<u>51,331</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,125,486</u>	<u>612,469</u>	<u>107,587</u>	<u>1,123,781</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	-	-
Transfers Out	(600,000)	-	-	(1,045,500)
Total Other Financing Sources (Uses)	<u>(600,000)</u>	<u>-</u>	<u>-</u>	<u>(1,045,500)</u>
Net Change in Fund Balance	525,486	612,469	107,587	78,281
Fund Balance - October 1 (Beginning)	658,684	561,462	38,359	986,561
Adjustments and Restatements	-	-	-	-
Fund Balance - September 30 (Ending)	<u>\$ 1,184,170</u>	<u>\$ 1,173,931</u>	<u>\$ 145,946</u>	<u>\$ 1,064,842</u>

Community Development	Grants	Covid Relief Fund	General Capital Improvements	TIRZ No. 1	TIRZ No. 2	Pharr Housing Finance Corp	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ 704,200	\$ 481,100	\$ -	\$ 1,185,300
-	-	-	-	-	-	-	1,114,684
1,159,816	3,029,564	7,170,010	555,802	-	-	-	12,928,808
-	-	-	-	-	-	-	1,265,834
9,775	-	-	-	73,033	62,708	2	175,832
3	-	-	-	-	-	-	18,348
<u>1,169,594</u>	<u>3,029,564</u>	<u>7,170,010</u>	<u>555,802</u>	<u>777,233</u>	<u>543,808</u>	<u>2</u>	<u>16,688,806</u>
770,959	-	7,393,867	5,034	15,000	15,000	10,700	8,210,560
18,780	3,029,564	-	-	-	-	-	3,470,483
-	-	-	1,881,494	-	-	-	1,932,825
-	-	-	4,976,711	-	-	-	4,976,711
295,000	-	-	1,167,708	-	-	-	1,462,708
73,224	-	-	40,545	-	-	-	113,769
<u>1,157,963</u>	<u>3,029,564</u>	<u>7,393,867</u>	<u>8,071,492</u>	<u>15,000</u>	<u>15,000</u>	<u>10,700</u>	<u>20,167,056</u>
<u>11,631</u>	<u>-</u>	<u>(223,857)</u>	<u>(7,515,690)</u>	<u>762,233</u>	<u>528,808</u>	<u>(10,698)</u>	<u>(3,478,250)</u>
-	-	-	6,658,132	-	-	-	6,658,132
-	-	-	-	-	-	-	(1,645,500)
-	-	-	6,658,132	-	-	-	5,012,632
11,631	-	(223,857)	(857,558)	762,233	528,808	(10,698)	1,534,382
481,584	(9,596)	-	226,660	3,372,723	2,397,688	(877,348)	7,836,777
-	-	-	-	-	-	-	-
<u>\$ 493,215</u>	<u>\$ (9,596)</u>	<u>\$ (223,857)</u>	<u>\$ (630,898)</u>	<u>\$ 4,134,956</u>	<u>\$ 2,926,496</u>	<u>\$ (888,046)</u>	<u>\$ 9,371,159</u>

CITY OF PHARR, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Debt Service Prior Year Non-Major Fd	Total Nonmajor Governmental Funds
REVENUES:		
Taxes:		
Property Taxes	\$ -	\$ 1,185,300
Other Taxes	-	1,114,684
Intergovernmental Revenue and Grants	-	12,928,808
Charges for Services - Other	-	1,265,834
Investment Earnings	-	175,832
Other Revenue	-	18,348
Total Revenues	-	16,688,806
EXPENDITURES:		
Current:		
General Government	-	8,210,560
Public Safety	-	3,470,483
Highways and Streets	-	1,932,825
Culture and Recreation	-	4,976,711
Debt Service:		
Principal on Debt	-	1,462,708
Interest on Debt	-	113,769
Total Expenditures	-	20,167,056
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(3,478,250)
OTHER FINANCING SOURCES (USES):		
Transfers In	-	6,658,132
Transfers Out	-	(1,645,500)
Total Other Financing Sources (Uses)	-	5,012,632
Net Change in Fund Balance	-	1,534,382
Fund Balance - October 1 (Beginning)	12,900,261	20,737,038
Adjustments and Restatements	(12,900,261)	(12,900,261)
Fund Balance - September 30 (Ending)	\$ -	\$ 9,371,159

CITY OF PHARR, TEXAS
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 SEPTEMBER 30, 2024

	City Garage Fund	Health Insurance Fund	Total Internal Service Funds
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 155,543	\$ (532,471)	\$ (376,928)
Inventories	13,690	-	13,690
Total Current Assets	169,233	(532,471)	(363,238)
Noncurrent Assets:			
Capital Assets:			
Buildings, Net	278,217	-	278,217
Total Noncurrent Assets	278,217	-	278,217
Total Assets	447,450	(532,471)	(85,021)
LIABILITIES			
Current Liabilities:			
Accounts Payable	2,015	-	2,015
Compensated Absences Payable	41,010	-	41,010
Due to Other Funds	5,015	-	5,015
Unearned Revenues	-	81,493	81,493
Total Liabilities	48,040	81,493	129,533
NET POSITION			
Net Investment in Capital Assets and Lease Assets	278,217	-	278,217
Unrestricted	121,193	(613,964)	(492,771)
Total Net Position	\$ 399,410	\$ (613,964)	\$ (214,554)

CITY OF PHARR, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2024

	City Garage Fund	Health Insurance Fund	Total Internal Service Funds
OPERATING REVENUES:			
Garage Repairs	\$ 1,100,664	\$ -	\$ 1,100,664
Claims	-	6,385,478	6,385,478
Total Operating Revenues	<u>1,100,664</u>	<u>6,385,478</u>	<u>7,486,142</u>
OPERATING EXPENSES:			
Personnel Services	230,645	-	230,645
Contractual Services	790,488	-	790,488
Depreciation	14,467	-	14,467
Self-Insurance Claims	-	6,896,686	6,896,686
Total Operating Expenses	<u>1,035,600</u>	<u>6,896,686</u>	<u>7,932,286</u>
Income (Loss) Before Transfers	65,064	(511,208)	(446,144)
Nonoperating Transfers In	-	362	362
Change in Net Position	65,064	(510,846)	(445,782)
Total Net Position - October 1 (Beginning)	<u>334,346</u>	<u>(103,118)</u>	<u>231,228</u>
Total Net Position - September 30 (Ending)	<u>\$ 399,410</u>	<u>\$ (613,964)</u>	<u>\$ (214,554)</u>

CITY OF PHARR, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	City Garage Fund	Health Insurance Fund	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>			
Cash Received from User Charges	\$ 1,100,664	\$ 6,385,478	\$ 7,486,142
Cash Payments for Insurance Claims	-	(6,920,450)	(6,920,450)
Cash Payments for Other Operating Expenses	(1,001,337)	-	(1,001,337)
Net Cash Provided by (Used for) Operating Activities	99,327	(534,972)	(435,645)
<u>Cash Flows from Non-Capital Financing Activities:</u>			
Operating Transfer In	-	362	362
Net Increase (Decrease) in Cash and Cash Equivalents	99,327	(534,610)	(435,283)
Cash and Cash Equivalents at Beginning of the Period	56,216	2,139	58,355
Cash and Cash Equivalents at End of the Period	\$ 155,543	\$ (532,471)	\$ (376,928)
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Provided by (Used for) Operating Activities:</u>			
Operating Income (Loss)	\$ 65,064	\$ (511,208)	\$ (446,144)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used For) Operating Activities:			
Depreciation	14,467	-	14,467
Effect of Increases and Decreases in Current Assets and Liabilities:			
Decrease (Increase) in Receivables	-	(23,764)	(23,764)
Decrease (Increase) in Inventories	27,711	-	27,711
Increase (Decrease) in Accounts Payable	(7,915)	-	(7,915)
Net Cash Provided by (Used for) Operating Activities	\$ 99,327	\$ (534,972)	\$ (435,645)

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REPORT ON INTERNAL CONTROL
AND COMPLAINTS

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Raul Hernandez & Company, P.C.
Certified Public Accountants
5402 Holly Rd., Suite 102
Corpus Christi, Texas 78411
Office (361)980-0482 Fax (361)980-1002

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Honorable Mayor and
Members of the City Commission
City of Pharr, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Pharr, Texas, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise City of Pharr, Texas's basic financial statements, and have issued our report thereon dated September 30, 2025.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Pharr, Texas's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Pharr, Texas's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Pharr, Texas's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Pharr, Texas's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Pharr's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Pharr's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Raul Hernandez & Company, P.C.

Corpus Christi, Texas

September 30, 2025

Raul Hernandez & Company, P.C.

Certified Public Accountants
5402 Holly Rd., Suite 102
Corpus Christi, Texas 78411
Office (361)980-0482 Fax (361)980-1002

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND REPORT
ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM
GUIDANCE AND THE STATE OF TEXAS GRANT MANAGEMENT STANDARDS**

To the Honorable Mayor and
Members of the City Commission
City of Pharr, Texas

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited City of Pharr, Texas' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and in the State of Texas *Grant Management Standards* that could have a direct and material effect on each of City of Pharr, Texas' major federal and state programs for the year ended September 30, 2024. City of Pharr, Texas' major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Pharr, Texas complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2024.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit in compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of *Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the State of Texas *Grant Management Standards* ("TxGMS"). Our responsibilities under those standards and the Uniform Guidance and the TxGMS are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Pharr, Texas and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance with each major federal and state program. Our audit does not provide a legal determination of City of Pharr, Texas's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of Pharr, Texas's federal and state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Pharr, Texas's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance and the TxGMS will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about City of Pharr, Texas's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance and the TxGMS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Pharr, Texas's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Pharr, Texas's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Pharr, Texas's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the TxGMS. Accordingly, this report is not suitable for any other purpose.

Raul Hernandez & Company, P.C.

Corpus Christi, Texas
September 30, 2025

**CITY OF PHARR, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that were not considered material weakness?	Yes
Material noncompliance to financial statements noted?	No

2. Federal/State Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that were not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for major programs:	Unmodified

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200.516(a) or Texas Grant Management Standards?	No
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Identification of major programs:

	<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
	21.019	Coronavirus Relief Fund
State	N/A	Methodist Healthcare Ministries of South Texas, Inc.
Dollar threshold used to distinguish between Type A and Type B programs:		Federal/State \$750,000
Auditee qualified as low-risk auditee?		No

CITY OF PHARR, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

SECTION I – FINANCIAL STATEMENT FINDINGS

Reference Number	2024-001 Monthly Account Analysis and Year-End Closing
Criteria:	Controls relative to timely close-out of financial statements at year-end should be in place to provide management with the necessary financial information to make appropriate decisions, and to ensure compliance with federal, state and local reporting deadlines.
Condition Found:	A significant amount of time lapsed after year-end, before the financial statements were closed-out. The general ledger required many audit adjustments and reclassifications to both current and prior period adjustments. Preparation of the year-end adjusting journal entries, capital asset schedules, long-term debt schedules, accounts receivables for all funds, accounts payable reconciliations, procurement, cash reconciliations, P-Cards, recording of receipts, collections, review of stale outstanding checks, inventory, and reconciliation of several significant areas were not timely. The City overspent in several budgeted expenditure functions within the year resulting in an continuing operating loss for the General Fund and an current year operating loss for the PEDC.
Context:	These conditions were noted in performing our standard audit procedures.
Effect:	Management assessments and financial decisions, and internal and external financial reporting may be inaccurate because of inaccurate planning and improperly maintained general ledgers.
Cause:	Timely financial statements were not available during the year and at year-end. The City provided us with incorrect year-end trial balances multiple times and this further delayed the audit.
Recommendation:	The City should review its internal controls relating to P-Cards, financial statement accounting and reporting to ensure that timely financial statements are prepared and available for management use, as well as for audit purposes.
Repeat Finding from Prior Year(s):	Yes
Views of Responsible Officials:	See management's corrective action plan.

SECTION II – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

**CITY OF PHARR, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

FINANCIAL STATEMENT FINDINGS

Reference Number	2023-001 Monthly Account Analysis and Year-End Closing
Criteria:	Controls relative to timely close-out of financial statements at year-end should be in place to provide management with the necessary financial information to make appropriate decisions, and to ensure compliance with federal, state and local reporting deadlines.
Condition Found:	A significant amount of time lapsed after year-end, before the financial statements were closed-out. The general ledger required many audit adjustments and reclassifications to both current and prior period adjustments. Preparation of the year-end adjusting journal entries, capital asset schedules, long-term debt schedules, accounts receivables for all funds, accounts payable reconciliations, procurement, cash reconciliations, P-Cards, recording of receipts, collections, review of stale outstanding checks, inventory, and reconciliation of several significant areas were not timely. The City overspent in several budgeted expenditure functions within the year resulting in an continuing operating loss for the General Fund and an current year operating loss for the PEDC.
Context:	These conditions were noted in performing our standard audit procedures.
Effect:	Management assessments and financial decisions, and internal and external financial reporting may be inaccurate because of inaccurate planning and improperly maintained general ledgers.
Cause:	Timely financial statements were not available during the year and at year-end. The City provided us with incorrect year-end trial balances multiple times and this further delayed the audit.
Recommendation:	The City should review its internal controls relating to financial statement accounting and reporting to ensure that timely financial statements are prepared and available for management use, as well as for audit purposes.
Status of Prior Year Finding:	See current year finding 2024-001.

**CITY OF PHARR, TEXAS
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Corrective Action for Financial Statement Findings

Reference Number 2024-001 Monthly Account Analysis and Year – End Closing

Corrective Action: The City of Pharr's Finance Department and City Management will review internal controls related to this area to ensure timely financial statements are prepared and available for management, use, as well as for audit purposes.

Name of contact person: Jamison Merrick -- Finance Director

Contact: Jamison.merrick@pharr-tx.gov

CITY OF PHARR, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

FEDERAL GRANTOR/ GRANTOR/	PASS-THROUGH PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Identifying Number	Entity	Federal Expenditures
U.S. DEPARTMENT OF JUSTICE					
<u>Passed through the Office of the Governor - Criminal Justice Division</u>					
Human Trafficking Liaison Grant		16.575	15POVC-21GG-00600-ASSI		23,111
Crime Victims Assistance Program		16.575	2021-CS-21027		86,739
BulletProof Vest Partnership Program		16.607			30,000
Edward Byrne Memorial Justice Assistance Grant Program		16.738	15PBJA-22-GG-02606-JAGX		21,816
Tropical Texas Behavioral Health Grant		16.745	15PBJA-21-GG-04291-MENT		133,565
Public Safety Partnership and Community Policing Grants		16.710	15JCOPS21GG03396UHPX		542,235
Total Passed through the Office of the Governor - Criminal Justice Division					837,466
<u>Other U.S. Department of Justice</u>					
Equitable Sharing Program - US Marshal Service (SO)		16.922	112SA1599		80,721
Total Other U.S. Department of Justice					80,721
TOTAL U.S. DEPARTMENT OF JUSTICE					918,186
U.S. DEPARTMENT OF HOMELAND SECURITY					
<u>Passed through the Office of the Governor-Homeland Security Grants Division</u>					
Operation Stonegaren Grant Program		97.067	EMW-2019-SS-00034-S01		302,487
Total Passed through the Office of the Governor-Homeland Security Grants Division					302,487
<u>Passed through the Office of the Governor-Homeland Security Grants Division-Federal Emergency Management Agency</u>					
Staffing for Adequate Fire and Emergency Response (SAFER) 2019		97.083	EMW-2019-FF-01465		548,438
Total Passed through the Office of the Governor-Homeland Security Grants Division-Federal Emergency Management Agency					548,438
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY					850,925
U.S. DEPARTMENT OF TRANSPORTATION					
<u>Pass through the Texas Department of Transportation</u>					
Highway Planning and Construction		20.205			555,802
STEP - Commercial Motor Vehicle (CMV)		20.600	2023-PharrPD-S-CMV-00043		11,962
STEP - Comprehensive Grant		20.600	2023-PharrPD-S-1YG-00137		11,959
STEP - Impaired Driving Mobilization (IDM)		20.614	2023-PharrPD-IDM-0023		12,981
Click it or Ticket		20.616	2023-PharrPD-CIoT-00053		4,756
Total Passed through the Texas Department of Transportation					597,460
TOTAL U.S. DEPARTMENT OF TRANSPORTATION					597,460
U.S. DEPARTMENT OF TREASURY					
<u>Passed through the Texas Division of Emergency Management</u>					
Coronavirus Relief Fund		21.019	746001875		7,170,010
Total Passed through the Texas Division of Emergency Management					7,170,010
TOTAL U.S. DEPARTMENT OF TREASURY					7,170,010
U.S. ENVIRONMENTAL PROTECTION AGENCY					
<u>Passed through the Texas Water Development Board</u>					
Clean Water State Revolving Fund		66.468			1,250
Total Passed through the Texas Water Development Board					1,250
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY					1,250
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
<u>Passed through the Texas Department of Agriculture</u>					
Community Development Block Grant - CDBG FY 18/19		14.218	B-19-MC-48-0507		91,978
Community Development Block Grant - CDBG FY 19/20		14.218	B-20-MC-48-0507		87,433
Community Development Block Grant - CDBG FY 20/21		14.218	B-21-MC-48-0507		65,148
Community Development Block Grant - CDBG FY 21/22		14.218	B-22-MC-48-0507		136,344
Community Development Block Grant - CDBG FY 22/23		14.218	B-23-MC-48-0507		443,553
Community Development Block Grant - CDBG FY 23/24		14.218	B-24-MC-48-0507		335,361
Total Passed through the Texas Department of Agriculture					1,159,816
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					1,159,816
TOTAL EXPENDITURES OF FEDERAL AWARDS					\$ 10,697,647

CITY OF PHARR, TEXAS
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

STATE GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Identifying Number	Entity	State Expenditures
TEXAS OFFICE OF THE GOVERNOR				
<u>Passed through Office of the Governor - Homeland Security Grant Division</u>				
Local Border Security Program (LBSP)	N/A	2023-BL-ST-0016		178,638
Total Passed through Office of the Governor - Homeland Security Grant Division				178,638
<u>Passed through Office of the Attorney General-Grants Division</u>				
Victim Corrdinator & Liaison Grant - (VCLG)	N/A	C-00039		36,667
Total Passed through Office of the Attorney General - Grants Division				36,667
TOTAL TEXAS OFFICE OF THE GOVERNOR				215,305
METHODIST HEALTHCARE MINISTRIES				
<u>Direct Program</u>				
Methodist Healthcare Ministries Grant	N/A			\$ 951,754
TOTAL METHODIST HEALTHCARE MINISTRIES				951,754
TOTAL EXPENDITURES OF STATE AWARDS				\$ 1,167,059

CITY OF PHARR, TEXAS
NOTES TO THE SCHEDULE OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Basis of Presentation:

The accompanying Schedule of Expenditures of Federal and State Awards (Schedule) presents the activity of all the federal and state award activity of the City of Pharr, Texas, under programs of the federal government and the State of Texas for the year ended September 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and the *Texas Grant Management Standards*. The City's reporting entity is defined in Note I.B. to the City's basic financial statements. All federal and State awards received directly from Federal and State agencies and federal and state awards passed through state agencies are included on the Schedule. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position or changes in net position of City of Pharr, Texas.

Summary of Significant Accounting Policies:

The federal and state grant funds were accounted for in the Grant Fund, a governmental fund type, and in an enterprise fund. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental fund types are accounted for using a current financial resources measurement focus. With the governmental fund type measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for the governmental fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measureable and available, and expenditures in the accounting period in which the fund liability is incurred, if measureable, except for certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the governing body has decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability. Enterprise funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Federal and State grant funds are generally considered earned to the extent of expenditures made under the provisions of the grant, and accordingly, when such funds are received, they are recorded as deferred revenues until earned.

Indirect Cost Rate:

The City has elected not to use the 10% *de minimis* indirect cost rate as allowed under the Uniform Guidance.

Relationship to Federal Financial Status Reports:

Amounts reported on the Schedule may not agree with the amounts reported in the related Federal financial status reports filed with grantor agencies, because of the effect of accruals made in the Schedule.